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Annual Report

of the Governor of Hawaii

to the Secretary of the Interior for 1947



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Annual Report
of the
Governor of Hawaii

TO THE SECRETARY OF
THE INTERIOR



Fiscal Year Ended June 30, 1947

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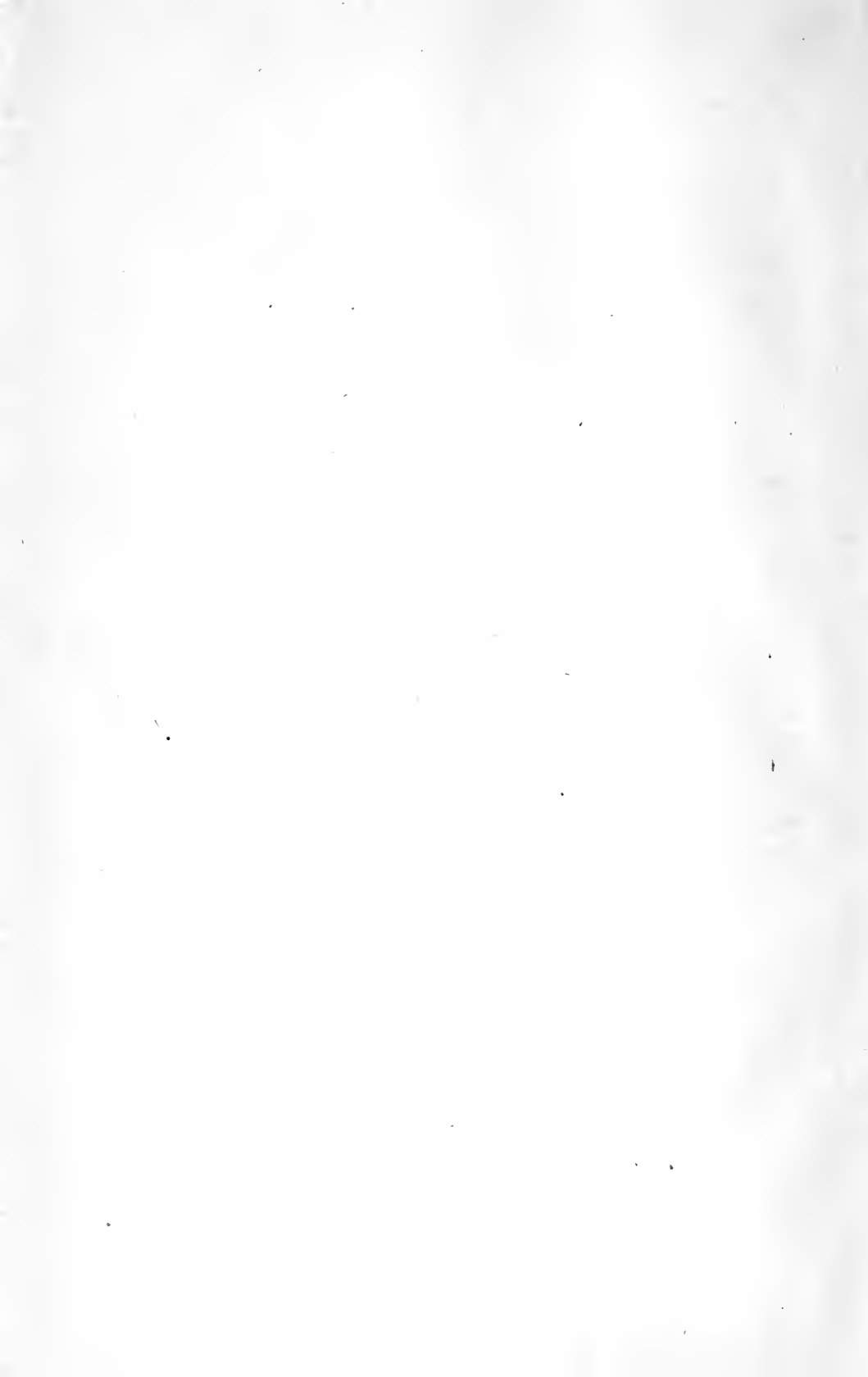
J. A. KRUG, SECRETARY

TERRITORY OF HAWAII

INGRAM M. STAINBACK
GOVERNOR

CONTENTS

	Page
Source of income.....	1
Further development of resources.....	3
Population trends.....	7
Public health.....	9
Education and recreation.....	12
Public welfare.....	15
Department of institutions.....	18
Hawaii Housing Authority.....	20
Labor and industrial relations.....	23
Hawaii National Guard.....	25
Agriculture, forestry, and fisheries.....	25
Public lands and survey department.....	29
Department of public works.....	31
Public finances and financial institutions.....	33
Government service.....	40
Public utilities.....	41
Attorney General's office and the courts.....	43
Commerce and business.....	46
Organization of the government.....	47



Annual Report of the Governor of Hawaii

INGRAM M. STAINBACK, GOVERNOR

IN THE second year of the postwar period, special attention has been given to the further utilization and development of available resources. With the exception of a limited area of productive soil along the coast line, and fish of uncertain number in adjacent waters, Hawaii is singularly lacking in natural resources. There are no valuable forests as sources of lumber, no mineral products such as oil, coal, iron, and other ores, and no wild fur-bearing animals. Every source of revenue in Hawaii has to come from a developed industry, combined with primary manufactures.

SOURCES OF INCOME

There are three major sources of income: The first of these is from the sale of sugar; the second is from the sale of pineapples; and the third is revenues derived from the tourist trade and from the expenditures in Hawaii of the armed forces. These three sources provide most of the occupational opportunities for the people of Hawaii and a large part of the income and revenues necessary for the maintenance of government functions and for the support of civic programs and charitable institutions.

Other sources of income are of minor importance, although significant in relation to the over-all picture. The relative importance and uses of available resources are indicated by the following:

Land and land uses.—The total land area of the Territory is 4,099,840 acres, but only 7 percent of this total is in cultivated crops. Most of the remaining area is semiarid, mountainous, or lava flows. Forest reserves take up 26 percent, and beef and sheep ranges, 34 percent of the total area. The balance is waste land, parks, cities, roads, and military establishments.

Of the 288,767 acres under cultivation in 1946, sugar occupied about 74 percent, pineapple, 21 percent, and diversified crops, 5 percent. Vegetables are the largest diversified group, with 6,731 acres, and coffee is second, with 4,000 acres. Tree fruits, mostly bananas and papayas, occupy 2,046 acres.

Sugar income.—Sugar is Hawaii's largest industry. There were 212,226 acres in the Territory planted in sugar cane in 1946, slightly more than 5 percent of the total land area in the Hawaiian Islands. About half of this land is owned by the plantations; the remainder is leased from estates, the Territorial government, and from individuals.

Hawaii's 1946 raw-sugar production totalled 680,073 tons, compared with 821,216 tons in 1945. The 79-day sugar strike resulted in a loss of about 180,000 tons. Estimates for 1947 indicate a production of 850,000 tons.

The 1946 sugar crop had an approximate value of \$62,444,670, as compared with \$61,591,200 for the 1945 crop. Price of sugar in 1946 was \$91.82 per ton. The present New York selling price is \$123.70 per ton.

Pineapple income.—Pineapple production is Hawaii's second basic industry. Approximately 63,000 acres of land in the Territory are utilized for pineapple production. About 26,000 persons find employment in growing, harvesting, and canning the crop.

The 1946 shipments from Hawaii to the mainland were 378,514,738 pounds, canned, valued at \$40,537,968; 23,933 boxes, fresh, valued at \$61,682; and 34,636,856 gallons of juice which was valued at \$21,487,228.

The 1947 pineapple crop is valued at \$60,000,000. Last year the 12 pineapple companies paid over \$2,000,000 in taxes to the Territorial government. Approximately \$20,000,000 of the 1947 crop value will be spent in Hawaii.

Tourists.—The Hawaii Visitors' Bureau estimates that more than 60,000 tourists will visit the Hawaiian Islands during the current year, and will spend in excess of \$21,000,000.

Prewar Honolulu was an important vacation city and tourist center. Noted for its Hawaiian hospitality, moderate climate, natural beauty, outdoor sports, and scenic attractions, Honolulu and the Hawaiian Islands were annually visited before the war by some 50,000 tourists who spent in excess of \$10,000,000 a year.

Armed forces.—Army personnel in the Hawaiian area averaged over 30,000 officers and men during the past year, with a military pay roll of \$37,049,139.68. Civilian employees of the War Department averaged 18,000 in 1946, with a pay roll of \$57,436,246.92. Total disbursements by the Army in the Hawaiian area in the past year amounted to \$124,000,000.

During the year, naval personnel in the Fourteenth Naval District averaged 14,500 officers and enlisted men. The civilian employees of the Navy Department totaled 18,000 in 1946. Salaries paid service personnel totaled \$32,000,000; salaries to civilian workers amounted

to \$43,000,000. Service and civilian Navy personnel expenditures locally totaled \$67,000,000.

Marine Corps personnel during 1946 numbered 6,915 officers and enlisted men. Marine Corps civilian workers numbered 310, with a pay roll of \$662,465. The military pay roll was \$6,420,000. Total expenditures were \$7,656,465.

Coast Guard personnel in the Fourteenth Coast Guard District averaged 2,750 officers and enlisted men in 1946. Service pay roll totaled about \$2,000,000. The Coast Guard has only 28 civilian employees.

Harbor facilities and shipping.—All harbor and shore waters in Hawaii are administered by the Territorial Board of Harbor Commissioners. There are 30 Territorial piers, 20 private piers, and 7 United States piers. Of this number, 17 Territorial, 12 private, and 2 United States piers are usable for overseas vessels. There are 20 piers in Honolulu Harbor usable for overseas passenger service. The Territorial government and private interests maintain harbor facilities on the principal islands. During the calendar year 1946, 942 ships entered and cleared Honolulu Harbor.

Coffee interests.—Coffee production, which ranks third in the Territory's exports and commercial production, is confined to about 4,000 acres in the Kona area on the island of Hawaii. Production for the crop year 1946 amounted to 6,300,000 green pounds, with a value of \$1,028,000.

Fish production.—During the first 10 months of 1946, fish production in Hawaiian waters reached 9,342,690 pounds valued at \$2,329,293.99. Hawaiian Tuna Packers, Ltd., reports that in 1946 approximately 10,000,000 pounds of tuna were landed. All of this catch was consumed in the Hawaiian market, either as canned or fresh fish.

FURTHER DEVELOPMENT OF RESOURCES

Since Hawaii's economy is based primarily upon agriculture, it is not surprising that the Territory came through the war with a minimum of damages to its natural resources. There were deviations from good soil-conservation practices due to demands for increased production with a reduced supply of labor. The forest reserves, which are maintained for the purpose of protecting the fresh water supply, were relatively undamaged although subject to a forced neglect. The ocean fisheries were unharmed, but many of the inland fish ponds were filled because of military necessity.

Possibilities of further utilization and development of these natural resources are indicated in the following statements.

Agriculture.—The soil has been and still is Hawaii's major natural resource. The farsighted program in sugar cane and pineapple agriculture is well demonstrated when it is pointed out that between $1\frac{1}{2}$ and 2 percent of the gross earnings of these industries are used annually by them for research in developing means for more efficient use of the land and its products. Governmental agencies in the Territory are likewise engaged in research which will promote further and more efficient utilization of lands not suitable for the two primary agricultural enterprises. Expenditures of these agencies total more than 3 percent of the gross Territorial earnings from livestock, truck and fruit crops, coffee, and other miscellaneous agricultural endeavors.

During the past year, three of Hawaii's sugar plantations have gone out of business. There is at least a possibility that one or two others may also discontinue operations. This development is due very largely to rocky lands and the consequent inability of management to mechanize its operations on such land. Rocky soils, however, are well adapted to the macadamia nut, the avocado, the lichee, and the longan. These nut and fruit crops have possibilities on rocky lava lands, much of which is almost wholly undeveloped.

Recreation resources.—The Territory of Hawaii has a resource in its climate and scenic beauty. There is still much to be done in making this valuable resource more usable through the installation of proper recreational facilities from the beaches to the mountains. Moreover, there are many historical and legendary sites, as well as those of scientific interest, which if fully rehabilitated and made accessible, will provide an interest in the background and tradition of Hawaii.

Forests of Hawaii.—The forests of Hawaii have been preserved mainly because of their value in providing water resources for agriculture and domestic use. In modern times there has been little timber harvested from these forests, lumbering operations being usually uneconomical because of the quality of the trees remaining, or because the stands of desirable timber are small and scattered. Although the replanting of certain native trees has been unsuccessful, there is ample evidence that trees of exotic species which are highly prized for their wood will produce a commercial crop on lands formerly occupied by the native trees. The growing of commercial timber crops on forest type lands offers possibilities and deserves much more attention than it has heretofore received. In the high elevation lands, several of the finest commercial trees of continental United States are showing exceptional vigor and a rapid rate of growth.

Fishery resources.—The Territory has a relatively small inshore fishery whose development and utilization reached a maximum many

years ago, and whose production has remained constant for the last 20 years.

However, the development of the deep sea fisheries has hardly been started. They offer a food resource which can be developed into a major industry to the benefit of the people of Hawaii and the United States.

Deep sea operations are expensive, and the experimenting with different types of fishing gear is far more costly than private enterprise of limited capital can undertake. Governmental assistance in this field is needed to devise new methods of harvesting the products of deep sea fisheries. A successful accomplishment of this objective will do much to strengthen the economy of Hawaii and to extend the development of United States fisheries in the entire central and western Pacific.

Labor and management.—In the development of Hawaii's resources, the effective performance of labor and management has been the most important factor. Without the contribution of the laborer, who in the main has been a superior worker, and without the efficiency of management in applying science to growing crops and to every phase of milling, canning, transportation and marketing of products, the utilization and development of Hawaii's resources to the present high standards could never have taken place.

In planning for the future it is essential, therefore, that consideration be given to the problem of labor-industrial relations. These relations became critical during the past year. There were a total of 26 work stoppages, with an estimated loss of 1,925,784 man days. The most serious of these was the strike of 28,500 workers in the sugar industry. This began on September 1, 1946, and continued for 79 days. In loss of trade it cost the industry and community approximately \$20,000,000. There was an estimated loss of 180,850 tons of raw sugar. This loss was offset in part by the fact that the delay in harvesting and milling a large part of the crop resulted in its being marketed at a higher price. The price of raw sugar on September 1, 1946, was \$82.58 per ton. This increased to \$89.18 on November 30, 1946. Before the end of the biennium it had increased to \$122.78 per ton.

Other postwar problems.—There are other postwar problems of vital concern to the community. One of the most important of these is the continued rise in the cost of living. In Honolulu, which is fairly representative of the Territory, the consumers' price index maintained by the Department of Labor and Industrial Relations, shows that the cost of living increased 26.2 percent from March 1943 to June 1947. During the period March 1943 to June 1946, when price con-

trols were in effect, the index increased only 6 percent. With the partial lifting of controls in July and their complete removal in November 1946, all prices, except for rice and sugar, began to rise immediately. By December 1946, the index reached an all-time high of 126.5, or an increase of 19.3 percent within a 6-month period. Since March 1943, the cost of food, one of the most important items in the family budget, has increased 38.7 percent. Increases in the cost of living have created serious problems among families in the average income bracket, and more particularly among those in the lower income bracket. Rising costs of living have tended definitely to create social unrest.

Housing conditions have not improved perceptibly. This has not only made it difficult for business firms, educational institutions, hospitals, and social-service agencies, and other employers to interest qualified workers to come to Hawaii; it has also had a most detrimental effect upon the quality of family life, with a resulting increase in domestic difficulties and juvenile delinquency. The lack of hotel accommodations has limited the tourist trade to approximately the prewar level. Inadequate office space has interfered with normal business expansion. From every viewpoint, the housing problem continues to be acute.

Progress has been made in repairing the damages and neglect that were inevitable during the period of the war. Streets and highways have been rebuilt or repaired. A significant beginning has been made in the erection of new school plants and in repairing existing buildings. Transportation facilities, such as airfields and wharves, have been improved.

Many of the acute problems that existed a year ago as a result of the destructive tidal wave of April 1, 1946, have been met. This is particularly true in the Hilo area and along the Hamakua coast, where the damage was greatest. Practically all buildings on the ocean side of Front Street in Hilo have been removed and privately owned land has been secured by the government for a park area and for the erection of safety devices; streets have been repaired and wharves rebuilt; a new site has been secured for the Puumaille Hospital, badly injured by the tidal wave, and a bond issue in the amount of \$2,100,000 authorized for the erection of a new hospital plant; damages to roads, to business firms and to plantation installations along the Hamakua coast have been largely repaired.

Approximately 30,000 veterans have been discharged in Hawaii. So far this has not resulted in any serious social or employment problems. A very high percentage of these men have found their places in the social and economic life of the community. They are showing a commendable interest in civic affairs.

The closing of three marginal sugar plantations has had a bearing on the employment situation. With few exceptions all laborers and skilled employees who desired to continue in plantation work have been readily absorbed by other sugar concerns. To the extent that plans for dividing these lands into small holdings are carried out, the closing of these plantations may prove to be beneficial to the social and economic life of Hawaii.

POPULATION TRENDS

Population growth slowed down during the year. At the end of June 30, 1947, the estimated civilian population was 525,477, a net increase of 5,974, or 1.2 percent since June 30, 1946. In contrast, the percentage gain in population over the fiscal year ending June 30, 1946, was 3.5 percent. The estimated average annual rate of growth since 1940 has been 4.5 percent.

All of the increase added to Hawaii's civilian population during the past year has been the result of natural growth—excess births over deaths. From the standpoint of migration, a net loss was experienced. The effect of this net loss in migration was to nullify the net gain in natural growth by approximately one-half.

Few changes affected the over-all racial composition of Hawaii's population during the past year. Slight losses were recorded for the Caucasian, Chinese, and Filipino groups due primarily to the effects of migration. The Caucasian group, which presently is twice as large as it was in 1940, numbered 172,967, representing 32.9 percent of the total Territorial population. A net loss of 566 was shown over the year, as a result of the return of war workers to the States. Chinese and Filipinos likewise experienced losses due to the return of many to China and the Philippine Islands upon the resumption of civilian travel to these areas.

The population of Japanese ancestry numbered 171,983. The large number of Caucasian defense workers brought to the Territory during the war years did much to reduce the percentage composition of this group from 40.1 percent in 1940 to 32.7 percent in 1947. The Hawaiian and part-Hawaiian groups constituted a total of 77,843 or 14.8 percent. Of these, 10,761 or 2.0 percent were designated as pure Hawaiians.

Filipinos, Chinese, Koreans, Puerto Ricans, Negroes, and others combined to make up the remaining 19.6 percent of Hawaii's present population. The Chinese, Koreans, and Puerto Ricans, although growing numerically, have declined in their relative size to the total population during the past 20 years. Puerto Ricans with 9,548 and Koreans with 7,216 each constituted less than 2 percent of the total

population and are mostly represented in the rural areas. The Chinese, on the other hand, with 30,279 or 5.8 percent, are overwhelmingly urban. Filipinos, who numbered 54,327 or 10.3 percent of Hawaii's total population, are chiefly confined to the sugar and pineapple plantations.

Aliens in the population were estimated at 75,623 or 14.4 percent in 1947, as contrasted with a total of 81,813 or 19.2 percent in 1940. Corresponding estimates of United States citizens in the Territory for the same periods were 499,854 or 85.6 percent and 344,841 or 80.8 percent, respectively.

Filipino and Japanese aliens together were estimated as accounting for 91.8 percent of the 75,623 aliens in the Territory. The estimate for Filipino aliens was 37,260 representing 49.3 percent, while that for Japanese aliens was 32,135 or 42.5 percent of the total aliens. Due to the Filipino immigrant laborers who arrived in 1946, the Filipino alien group was the only one to increase in numbers since 1940. All others showed substantial decreases. Chinese, Korean, and Caucasian and all other aliens combined to make up the remaining 6,228 or 8.2 percent.

The steady decline noted in the alien constituency of the Territorial population may be attributed to a high death rate among aliens, most of whom are in the older age groups, emigration and a liberalization of naturalization laws.

With respect to the percentage of aliens within each of the separate racial groups, Filipino aliens comprised 68.6 percent of all Filipinos in the Territory in 1947, showing a slight increase over the proportion in 1940 (67.5 percent). The proportion of Chinese aliens decreased rapidly since 1940, constituting in 1947, 8.8 percent of all Chinese in the Territory, as contrasted with 15.9 percent in 1940. Korean, Japanese, and Caucasian aliens represented 25.2, 18.7, and 1 percent of population within their respective racial groups in 1947. Similarly in 1940, the proportion of aliens for these same groups were 34.1, 23.2, and 3.4 percent, respectively.

Little change was experienced in the percentage distribution of the Territorial population, by county, in 1947. The city and county of Honolulu, containing 68.6 percent of the population, was estimated at 360,274. This represented an increase of less than 1 percent during the year. The county of Hawaii (population 73,690) showed an increase of 8.1 percent over the year, while Maui County (population 55,904) increased 3.1 percent. The county of Kauai showed little change, being estimated at 35,194. Kalawao County, consisting of leprosy patients and the Kalaupapa Settlement staff, totaled 415.

Estimates for the two major population centers in the Territory

showed Honolulu City with 268,913 and Hilo City with 29,111 civilian inhabitants. These figures reflected increases of 0.4 and 4.3 percent, respectively, for the two cities over the past fiscal year period.

The following table, based on a comparison of the year 1940 with the year 1947, shows trends in the civilian population by racial origin:

Race	1940		1947		Increase, number	1940-47, percent
	Number	Percent	Number	Percent		
Hawaiian and Part Hawaiian.....	64,829	16.2	77,843	14.8	13,014	20.1
Puerto Rican.....	8,322	2.1	9,548	1.8	1,226	14.7
Caucasian.....	79,271	19.8	172,967	32.9	93,696	118.2
Chinese.....	28,834	7.2	30,279	5.8	1,445	5.0
Japanese.....	157,990	39.6	171,983	32.7	13,993	8.9
Korean.....	6,854	1.7	7,216	1.4	362	5.3
Filipino.....	52,607	13.2	54,327	10.3	1,720	3.3
All others.....	837	.2	1,314	.3	477	57.0
Total.....	399,544	100.0	525,477	100.0	125,933	31.5

PUBLIC HEALTH

The state of health in the Territory continued good throughout another year.

The health department was reorganized into four main divisions: Local health services, sanitation, preventive medicine, and hospital planning. Other units became bureaus under these four divisions except for some administrative units. At the close of the fiscal year there were 479 full-time and 40 part-time employees in the health department. The expenditures of the department amounted to \$2,030,000. Of this sum, \$1,462,000 was from Territorial funds and \$568,000 from Federal funds.

Mortality rates.—The low crude mortality rate of 6 deaths per 1,000 population was the same as for the fiscal year 1946. The infant-mortality rate of 30.5 deaths per 1,000 live births compares favorably with the all-time low of 28.5 in 1946. A new all-time low for maternal mortality of 1.3 per 1,000 live births was recorded for the year just closed; the rate for this category in 1946 was 1.5.

A particularly encouraging figure was the marked decrease in the tuberculosis death rate. This rate had been at a level approximating 55 deaths per 100,000 population for the previous 6 years. For the year 1947 the rate dropped to 48.4 deaths per 100,000 population. This is still higher than the rate for the United States as a whole, which approximates 40, but the lowered rate is an indication that the Territory's concerted efforts toward tuberculosis control are beginning to show their effect in lowered death rates from this disease.

Heart disease continued to lead the causes of death with a rate of 121.9. Cancer and other malignant tumors continued in second place

with a rate of 73.7. These were followed in order by congenital malformations and diseases of early infancy, nephritis, tuberculosis (in fifth place rather than in fourth, as was the case for the previous year), intracranial lesions of vascular origin, accidental deaths, pneumonia, diabetes, and syphilis.

The stillbirth rate for the year was 15.7 as compared with the all-time low of 14.7 in 1946. The birth rate increased from 23.4 per 1,000 population in 1946 to 26.9 in 1947. The marriage rate also rose from 10.5 marriages per 1,000 population to 11.5.

Communicable diseases.—Because of the absence of any large epidemics, the number of communicable diseases registered fell from 23,320 during the preceding year to 4,511, exclusive of tuberculosis and venereal diseases. A new all-time low figure of deaths from communicable diseases of 390 was reached, the previous lowest figure being 442 deaths for any fiscal year.

Communicable diseases showing increased incidence during the year included:

	1946	1947
Mumps.....	277 to	604
Whooping cough.....	9 to	596
Poliomyelitis.....	12 to	39
Typhus fever.....	70 to	79
Chickenpox.....	789 to	2,326

The value of immunization against diphtheria, tetanus, and typhoid fever was again made evident by the record. Only 12 cases of diphtheria were reported for the fiscal year—a new all-time low—and for the second consecutive year, there were no deaths from this disease. Tetanus also reached a new all-time low, with only six cases and two deaths being recorded. The lowest record for this disease heretofore had been 15 cases in 1946, and 6 deaths in 1944. Typhoid fever cases tied the all-time low of the previous year, with only three cases originating in the Territory, one of which ended in death.

An active program of rodent and mosquito control continued to be carried out, with the result that no cases of human plague or dengue were reported in the Territory.

Tuberculosis control.—The case-finding activities for the discovery of tuberculosis proceeded with greatly accelerated pace during the year, with a Honolulu city-wide survey during the first 5 months of 1947 when 89,945 persons were X-rayed. In addition to the city-wide survey, approximately 10,000 people were X-rayed on Maui, and 2,100 on Lanai. Seven thousand civilian workers were X-rayed at the Pearl Harbor Navy Yard.

The 1947 legislature authorized a bond issue to provide for more tuberculosis beds in the city and county of Honolulu, for a new

sanatorium to provide sufficient beds for tuberculosis patients in the county of Hawaii, and for improvement of tuberculosis hospital facilities in the county of Kauai. As a result, there should be adequate hospital accommodations in the Territory for persons needing hospitalization for tuberculosis.

Venereal diseases.—There was a small increase in the number of venereal disease cases reported to the department of health. Cases of early syphilis increased from 284 to 343, while the total number of cases increased from 946 to 1,003. There were 1,429 cases of gonorrhea reported, as compared with 1,343 for the previous year. Prostitution seemed to be fairly well controlled, since only 15 to 16 percent of the venereal disease cases gave prostitutes as the source of their infections, as compared with the 70 to 75 percent of cases infected by prostitutes during the last 3 years before the houses of prostitution were closed.

Sanitation.—For the financing of an improved sewage disposal system for Honolulu, the 1947 legislature authorized a bond issue of \$6,500,000. This was in accordance with the plans and specifications drawn up under the \$500,000 appropriation of the 1945 legislature. A bureau of housing was established within the division of sanitation of the health department, with an engineer as chief of the bureau, enabling the health department to work more closely with housing agencies and individual builders in improving dwellings from the standpoint of health.

Special health activities.—Schools to instruct food handlers in sanitation and personal hygiene were continued, and a total of 5,358 workers, or more than 25 percent of those employed as food handlers, attended the schools during the year. Schools to instruct workers in the milk industry likewise were held throughout the Territory. Three hundred and forty-four milk handlers, out of a total of 516, attended the schools.

The program of the Bureau of Mental Hygiene was interrupted by the resignation of several staff members during the year. In its eighth year of activity, the Bureau continued to emphasize services in education, casefinding, consultation, hospitalization and treatment of acute cases, traveling clinics, legislation, and library.

A beginning was made in the further extension of services for the care of premature infants, for children with rheumatic fever, and for children with cerebral palsy. During the year the Bureau of Crippled Children, in cooperation with the Hawaii Territorial Medical Association, brought Dr. Herbert Coe, an outstanding plastic surgeon, to Hawaii for a series of lectures and demonstrations in plastic surgery.

The Governor designated the health department to administer the Federal Hospital Survey and Construction Act in the Territory, and

appointed a hospital advisory council to assist in this project. Administration of this act was started in January 1947. Ten thousand dollars from Federal funds was allotted to the Territory for administration purposes.

Work of other agencies.—A number of other agencies not directly under the department of health have continued to make important contributions to the health of the community. The bureau of sight conservation and work with the blind provided vision tests for 95,217 children in the public and private schools. A total of 57 eye clinics were conducted and 825 of the 1,123 who attended these clinics were referred for medical treatment of eye surgery.

The board of hospitals and settlement reports the continued decline of the disease of leprosy to 326 active cases as of June 30, 1947—a decrease of 307 cases, or 49 percent from the total of 623 as of July 1, 1931, the date of the organization of this department. The incidence of new cases of leprosy has decreased from 60 in the year 1931–32 to the recent 5-year average of 31.

EDUCATION AND RECREATION

Developments in the field of education have been marked by the observance of the fortieth anniversary of the founding of the University of Hawaii. A review of this significant event and of other developments in education are given as a part of this report.

Public schools.—Progress has been made on the problem of obtaining an adequate supply of fully qualified teachers for the public schools. For the first time since the early days of the war, this problem has ceased to be acute. Approximately 225 teachers from the mainland were brought in during the school year which has just closed. A total of 560 have been brought in since September 1944. About one-half of these teachers have stayed with the system as permanent teachers. Although the bringing in of mainland teachers grew out of necessity, it has undoubtedly had a beneficial effect on the schools.

The 1947 legislature provided for expansion of the kindergarten program. In December 1946, there were 1,867 children enrolled in public kindergartens. This compares with 1,288 in December 1945. This is a 45 percent increase. The program will be further expanded in the next biennium by the addition of 72 more kindergarten teachers allowed in the budget.

The downward trend of the past few years in public school enrollment has now reversed itself. The peak enrollment was in December 1940, when there were 92,424 pupils in grades 1 to 12, inclusive. As of December 1945, the enrollment figure for these grades was 79,927,

which was the first time since 1931 that the figure had gone under 80,000. As of December 1946, the enrollment in grades 1 to 12 was 80,903, which is an increase of 976 compared with December 1945. Almost all of this increase was accounted for on the island of Oahu alone, the enrollment on the other islands remaining about the same.

The reorganization of the administrative functions has been carried out in an effort to secure a more integrated and better working school system.

The curriculum work which was begun last year has been carried forward under the supervision of a director of elementary education and a director of secondary education. Emphasis continues to be placed on a command of the fundamental processes, citizenship, and character training. The problem now is to overcome any handicaps the children of Hawaii suffered as a result of disruption of the orderly process of the schools during the war years.

Vocational education is an important part of Hawaii's public school system, and is offered as a regular part of the course of study in the senior high schools. The training of skilled mechanics for trades and industries is carried on in the vocational schools. There are four vocational schools serving the youth of the Territory, one in each county.

The adult education program expanded during the past year. Regular evening classes for adults were held in 16 high schools and 19 elementary schools, making a total of 35 centers in which this type of program has been offered. Approximately 6,000 persons who were 18 years or older were enrolled in these classes, as compared with approximately 3,000 a year ago. Courses included a wide range, among which were American history, mathematics, chemistry, English, foreign languages, bookkeeping, shorthand, secretarial training, radio speech and production, blueprint reading, marine navigation, public speaking, art, cooking, and carpentry.

University of Hawaii.—March 25, 1947, marked the fortieth anniversary of the founding of the University of Hawaii. The event was signalized by a 12-day celebration which included public addresses, panel discussions, and student assemblies, the subject matter of which was keyed to the general theme of the program, "The Pacific era and higher education." Honorary degrees were bestowed upon Arthur L. Dean, former president of the university, and upon the four principal guests of the celebration, Charles Seymour, president of Yale University, Howard L. Bevis, president of Ohio State University, Karl T. Compton, president of Massachusetts Institute of Technology, and Harlow Shapley Paine, professor of astronomy, Harvard University. Local chapters of two national societies were installed—

Sigma XI, national honorary scientific society, and Delta Sigma Rho, national honorary forensic society.

The celebration was Territory-wide, and community leaders and civic organizations on all the islands participated.

Public libraries.—The library of Hawaii, which serves the island of Oahu, with a population of 358,911, operated last year on a budget of \$252,548. This means an annual expenditure of 73 cents per capita, less than half the standard of \$1.50 per capita recommended by the American Library Association in 1943 for "reasonably good" library services in areas with 25,000 population and over. In relation to the amount expended, an efficient program was carried on.

During the year there was a general increase in the circulation of books. A total of 792,141 volumes was taken out for home use by 70,482 borrowers. Over 61,012 information questions were answered by staff members of the library.

The extension department served 59 distributing agencies outside the main library. Two school stations were supplied and administered by the children's department. The book car served the children of 19 schools. The extension department recorded a circulation of 312,284 volumes, of which 221,578 were taken out by children.

Hawaii County Library, with a book stock of 85,326 volumes, showed a circulation of 322,073 for the year; Maui County Library, with 58,168 volumes in its collection, loaned a total of 265,875 volumes; and the Kauai Public Library Association, with a book stock of 31,796 volumes, had a total circulation of 146,397 volumes.

Public archives.—This year marks the one-hundredth anniversary of the inception of the Hawaiian Archives. In March 1847, King Kamehameha III, at the request of the Minister of Foreign Affairs, ordered the chiefs to collect and send to the foreign office any letters or any papers whatsoever pertaining to the government and to the chiefs. These records today form the nucleus of the collection in the public archives.

The index to the Japanese immigration was completed and has proved to be of great value to the immigration authorities, Territorial and Federal officials, and to other agencies interested in this field. A similar index covering Chinese immigration and Portuguese immigration will be completed in the near future.

During the year, a total of 3,222 requests for information were received. Of this total, 1,037 were from Territorial officials; 358 from Federal offices; 55 from county officials; and 1,772 from all others. There were 58 calls for the use of war records; 415 for legislative records and laws; 322 for the use of newspaper files; 17 for photostatic copies of records; and 42 for the use of photographic negatives. A

total of 476 requests were received for information from immigration ships. This required an examination of 816 ships' passenger manifests.

National Park Service.—The fiscal year of 1947 marked the almost complete resumption of normal activities of the National Park Service. Projects and functions have begun as funds and manpower become available.

The ranger force was reorganized and enlarged, with a chief ranger, three rangers and a warden on duty at Kilauea, and a full staff of one district ranger, one park ranger, and one park warden at Haleakala. This force is now large enough to give a semblance of protection to the parks' features, service to visitors, control of feral goats, patrol of highways and trails, and protection of forests and buildings from fire.

The naturalist department has reestablished its activities on a basis comparable to its prewar schedule. As a result, many thousands of visitors have received the benefit of interpretive service.

Buildings, residences, roads, trails, and utilities have been partially repaired, rehabilitated and improved. These changes have added to the appearance and efficiency of the park, as well as to the safety, comfort and convenience of the residents and visitors. This work was made possible largely by the acquisition of surplus equipment, supplies and materials, valued in excess of \$100,000, without exchange of funds, as authorized by Public Law 478. The program of repair, rehabilitation, and improvement will continue into the 1948 fiscal year.

The water system was almost completely rehabilitated, and installation of additional tanks now in progress will add 1,200,000 gallons to the park storage. The park concessioners at Kilauea have had a successful year and have rendered good service to the public. Negotiations are in progress for a limited, experimental concession at Haleakala.

PUBLIC WELFARE

During the fiscal year community welfare problems assumed proportions considerably greater than during the many years of unusually favorable employment and economic conditions. During the defense period and the war years, the high levels of prosperity and the greater demands for labor resulted in a minimum number of persons requiring financial assistance from the department of public welfare.

As readjustment to a peacetime economy has taken place, with a substantially increased population, and with the family and personal dislocations resulting from abnormal social and economic conditions during the war, there is an increasing demand for assistance and services from the department.

This demand, coupled with the high cost of living, resulted last year in the highest level of welfare expenditures in the history of the Territory.

During the past fiscal year, the department spent a total of \$3,779,-563.75, as compared with \$2,510,960.17 for the previous fiscal year. Of this amount, 72 percent or \$3,086,427.13 was derived from the territorial tax on compensation and dividends, and the remaining 18 percent or \$693,136.62 from Federal funds.

The number of persons receiving financial assistance increased 30 percent during the year, with 1,044 more families and individuals receiving assistance in June 1947, than in June 1946. There was a total of 4,535 families and individuals receiving assistance at the end of the fiscal year, with 59 percent of the recipients living in the city and county of Honolulu, 22 percent in the county of Hawaii, 10 percent in the county of Kauai, and 9 percent in the county of Maui.

Total expenditures for money payments to recipients amounted to \$2,088,359.02. Of this total, \$569,902.61 was expended for a monthly average of 1,584 recipients of old age assistance; \$795,069.67 was expended for a monthly average of 782 families, including 2,419 children, receiving aid to dependent children; \$26,227.75 for a monthly average of 65 aid to the blind recipients; \$398,532.54 was expended for a monthly average of 799 families and individuals receiving general assistance; and \$298,603.45 for a monthly average of 721 children receiving foster care payments for care in institutions or foster homes.

During the first 6 months of 1947, the rate of increase in the number of people receiving assistance doubled, jumping from an average of 50 cases monthly during the last 6 months of 1946 to 100 persons monthly during the first 6 months of 1947.

Not only did demands for assistance increase during the year, but the number of people receiving social services from the department, particularly in the child welfare field, increased substantially. The number of children receiving child welfare services increased 26 percent from 1,567 children at the end of the previous year, to the present total of 1,979 children. Forty-seven percent of these children were living with their own parents or relatives, 34 percent in foster family homes, 16 percent in institutions, and 3 percent elsewhere.

The average monthly payment made to recipients increased from \$36.99 at the beginning of the fiscal year to \$51.15 at the end of June, due to the upward adjustments made in payments during the year to meet the rising costs of living, particularly in food costs.

The cost of the medical services program, including medical care, hospitalization, dental care, and burial, increased 50 percent over the previous year, because of more people being assisted with medical

services, and the higher cost of hospitalization. For the fiscal year, \$919,741.15 was expended for medical services for those receiving assistance payments as well as for those able to meet their own daily living expenses but unable to pay the cost of medical services.

An average of 11,000 persons monthly were helped during the year by the department, either with material assistance or constructive preventive social services. It is estimated that 19 persons out of every 1,000 persons living in the Territory were assisted by the department. About 1 out of every 9 aged persons 65 years of age or over received old age assistance, and 1 out of every 30 children under 18 received either aid to dependent children payments, or foster-care payments, or social services.

Council of veterans' affairs.—There are now nearly 30,000 veterans in the Territory and the demands for services of the four veterans' centers operated by this council have naturally increased.

During the past 12 months, over 32,000 individual contacts were made. The largest item was in terminal leave, the centers assisting 8,838 veterans in filling out the necessary applications. Second was insurance contacts with 3,846 veterans seeking information.

Vocational and educational guidance was given to 3,369 veterans, with nearly 7,000 aptitude, achievement, and classification tests administered.

Other types of service rendered were: Mustering-out pay, 545; claims for back pay, 334; jobs, 642; guidance, 307; loan information, 571; medical information, 745; assistance in filing disability pension, 348; recording of discharge certificate, 1,481; assistance in filling out surplus property forms, 2,277; housing, 1,663; allotments, dependents, 373; survivors of soldiers killed in action, 275; lost war bonds, 156; aid in filling out various applications such as mainland bonus forms and citizenship papers, 906; lost discharges, 281.

Under the heading "Miscellaneous," 5,565 contacts were made. These include such unrelated items as legal advice, making out necessary forms for the arrival of war brides and fiancées, obtaining of medals and service bars, regaining property wrongfully withheld on the mainland, locating friends, and arranging transportation for veterans to all parts of the world.

During the 1947 session of the legislature, an act was passed granting a \$300 bonus to all resident disabled veterans. Only \$390,000 was appropriated for this purpose—enough to pay only 1,300 veterans. It is estimated that there are approximately 2,000 disabled veterans in the Territory who qualify for this bonus, and 1,500 applications had been received by the year's end.

The employment situation has reversed itself during the past year.

Where there were many job openings in 1945, there are very few at this time and servicemen's readjustment allowances are on the increase.

Federal Social Security Administration.—During the fiscal year ending June 30, 1947, a total of \$2,365,757 of Federal funds was certified to Hawaii under programs of the Social Security Administration. This represents an increase of \$945,530 over the amount certified in 1946. A total of 11,486 residents of Hawaii benefited from these funds, as compared with 8,737 in 1946.

A total of \$694,538 was allotted to the program of public assistance under the direction of the Territorial department of public welfare. A total of 5,646 benefited from these payments—1,700 needy aged persons, 67 needy blind persons, and 3,879 dependent children.

There was a total grant of \$365,495 to the program of child health and welfare services. The largest item under this grant was \$154,453 for maternal and child-health services under the Territorial department of health. The health department was also granted \$87,723 for services for crippled children, and \$113,834 to carry on the emergency maternity and infant care program for families of enlisted men. A grant of \$9,480 was made for child-welfare services administered by the Territorial department of public welfare.

In addition to the assistance granted to the above agencies, the Social Security Administration continued to carry on all phases of the Federal program in Hawaii—particularly the old-age and survivors insurance program, which observed its tenth anniversary in June 1947. There are now approximately 300,000 "policyholders" in the Territory. Last year an estimated total of 5,500 persons received benefit payments in the amount of \$1,164,000. To serve those in Maui County more effectively, a branch office was opened in Wailuku in May 1947. A similar office had been reopened last year in the county of Hawaii.

DEPARTMENT OF INSTITUTIONS

During the year, the director secured the services of two mainland experts, Dr. Herbert D. Williams, superintendent of the New York State Training School for Boys at Warwick, N. Y., and Mr. Joseph W. Sanford, warden of the Federal prison at Atlanta, Ga. Each spent a month in Hawaii, Dr. Williams assisting in the redevelopment of the Territory's training school for delinquent boys, and Warden Sanford rendering a similar service in conjunction with Hawaii's penal system for felons. A number of their recommendations are now being put into effect as a result of favorable action by the 1947 session of the legislature.

The increased cost of living proved a difficult problem. All deficits incurred to provide necessary food, clothing, shelter, and treatment

were approved by the legislature. Appropriations for better plants were also granted.

Territorial hospital.—The Territorial hospital serves the mentally ill. Total expenditures of \$935,982.20 were made for an average patient population of 1,163, or a daily cost per patient of \$2.20. There was a total staff of 229, thus giving a staff-patient ratio of 1 to 5.08.

Through increases in the budget, adequate provisions were made to relieve serious overcrowding at the hospital. The staff of psychiatrists and physicians employs every accepted form of treatment for mental illnesses. Approximately two patients out of every three admitted are returned to community life as cured or as greatly improved.

Waimano Home.—Waimano Home serves the feeble-minded and the epileptics. A total expenditure of \$507,236.32 was made for an average patient population of 588, or a daily cost per patient of \$2.36. There is a total staff of 131, thus giving a staff-patient ratio of 1 to 4.5.

Appropriations for new buildings will give Waimano Home a modern hospital and a new receiving and training center. The home has a productive farm, including a large piggery, a poultry ranch, a dairy, and truck crops area.

Territorial penitentiary.—Total expenditures in the territorial penitentiary were \$529,864.37, for an average inmate population of 512, or a daily cost per inmate of \$2.84. The institution has a staff of 112, thus giving a staff-inmate ratio of 1 to 4.57.

Progress was made last year in the effort to develop a modern penal system. The new Kulani Prison, which became established during the year, gives every promise of becoming the main unit of Hawaii's penal system. Industrial standards of production and output are maintained. Prisoners are given experience in such operations as logging, sawmill work, lumbering and reforestation, and in construction and agricultural enterprises.

Waialeale Training School for Boys.—Total expenditures in this institution were \$182,836.72 for an average population of 183 boys, or a daily cost per boy of \$2.74. There is a staff of 41 members, thus giving a staff-boy ratio of 1 to 4.46. The ages of the boys range from the twelfth birthday to the twentieth birthday.

Although the legislature deferred action on the proposed new CCC type of program for older industrial school boys, pending the development of an adequate water supply in the area recommended for this program, it did make provisions for segregating the younger boys from the older boys. An appropriation of \$750,000 was provided

for the development of a new and modern plant to be located on a site suitable for this work.

Kawailoa Training School.—This school, maintained for delinquent girls, expended a total of \$178,770.26 for an average population of 191 girls, or a total daily cost of \$2.56 for each girl. There is a staff of 37 members, thus giving a ratio of staff to girls of 1 to 5.1. There have been no urgent problems at the school other than that of overcrowding. The school's training program is strong.

Division of parole and home placement.—This division spent a total of \$74,921.68 in serving a total of 758 parolees, or a daily cost of 27 cents for each parolee. There was a total staff of 20, thus giving a ratio of staff to parolees of 1 to 38. This division provided guidance, job placement, home placement, and supervision for the parolees of the two juvenile training schools. There are no acute problems in the division except that of heavy case loads for its workers.

Board of paroles and pardons.—The total expenditures of this board were \$35,355.39 for an average of 1,039 parolees—a daily cost for each of less than 1 cent. There was a staff of 9, thus giving a ratio of staff to parolees of 1 to 115. During the year this board made a study of the records of all prisoners committed to the territorial penitentiary and in each case recommended a minimum sentence to the committing judge. It also assisted parolees in job placement and, when necessary, in finding home placement. Members of the staff also gave supervision to all paroled prisoners.

Bureau of crime statistics and identification.—This bureau, with a professional staff of five members, spent a total of \$27,982.85. It continued to maintain a complete file of criminal records of all felons in the Territory and served as clearing house for interchange of criminal information among all law-enforcement agencies in Hawaii. Its records are in conformity with the system prescribed by the Federal Bureau of Investigation, with which it maintains a constant interchange of information, particularly concerning transients with a tendency to relapse into former criminal habits.

HAWAII HOUSING AUTHORITY

The housing situation in the Territory at the end of June 1947 continued to be extremely critical. This was due primarily to the return of a great many veterans, general increase in population, high land costs, and scarcity of labor and materials.

There has been some progress toward meeting this problem. A limited number of new dwellings have been made available by private enterprise, and the HHA, through its veterans' emergency housing program, has completed Halawa veterans' homes, with 350 units; Hilo

veterans' homes, 250 units; Hoolulu Park, Hilo, 70 units; Lanakila emergency homes, 88 units; and Perry Street homes, 5 units—making a total of 736 units. However, the gain through the completion of the above projects has been more than offset by the continually increasing number of applications received by the tenant-selection department from veterans and others.

During the period July 1, 1946, to June 30, 1947, over 3,600 families applied to the HHA for homes. Due to knowledge of long waiting lists at the authority, many who were in need of housing did not apply. During the month of June 1947, 12 Quonset huts were provided for temporary shelter only, and many families have begged the authority to assign them to these Quonset huts, which are little more than empty shells with community toilet facilities. The number of applicants for these huts and the willingness of applicants to accept this type of housing, indicate the need for expediting the conversion program to the greatest possible extent.

The Navy has made available under title V of the Lanham Act the following sites which may be converted into approximately the number of units opposite the site designation:

Aiea receiving barracks	869
Waiawa barracks	396
Manana barracks	297
Red Hill camp	312
CHA-III	133
Total	2,007

The Authority has also applied for the NAS-Kahului site on the island of Maui, which will provide a minimum of 200 family units for the veterans of Maui.

Two low-income projects which were deferred due to the war—Mayor Wright homes in Honolulu, with 368 units, and Lanakila homes in Hilo, with 90 units—are in the process of reactivation. It will be some time, however, before progress can be made on the Mayor Wright homes, as the slum buildings on the site cannot be demolished. This is not possible, since there is no housing available for the 400 families that would be displaced.

Until January 1943 the authority was concerned primarily with providing low-rent housing for low-income families who were living in unsafe and unsanitary dwellings. During the period 1941 to 1943, it became evident that the authority would have to provide emergency housing for war workers. This was started with the acquisition of Palolo Evacuation Camp, an Army-constructed O. C. D. camp of 170 units. This beginning was augmented by Kapalama housing,

Kamehameha IV Road, Palolo emergency homes, and other housing of strictly temporary nature.

The authority has under its management at the present time, four different types of housing. These are: (1) Permanent low-income housing, 761 units; (2) war housing, 1,248 units; (3) veterans housing, 600 units; (4) Territorial emergency homes, 756 units. This is a total of 3,365 units now occupied. In addition, a total of 260 units are now under construction. The family density averages about 4.95 persons.

This type of housing can give only temporary relief. What is really needed is permanent housing built with private capital, supplemented with the permanent low-income program for low-income families. There can be no permanent solution until land is available at a price within the reach of the average family. Large areas of land, in and on the periphery of Honolulu, are suitable for home ownership. If the owners of these lands, which are principally large estates, are not willing to subdivide and sell lots at reasonable prices (not lease), then legislative action should be taken to enable the Territorial government, or some governmental agency, to acquire land for resale to families desiring to build.

All surveys, figures and existing conditions point to the fact that for years to come, housing will be extremely critical in and around Honolulu, particularly for the moderate and low-income groups.

During the past year, other agencies interested in the housing problem, such as the city planning commission and the rent control commission of the city and county of Honolulu, have assisted in making the best use of available housing facilities and in planning for an expansion in the building program.

Hawaiian Homes Commission.—The 1947 session of the legislature provided the necessary funds for the opening of a total of 633 lots to homesteaders. Of this total, 108 are at Waimanlo and 275 at Kewalo and Kalawahine on Oahu; 200 are at Anahola on Kauai; and 50 are at Waimea on Hawaii.

In addition to the above lots authorized by legislative action, the commission plans to open with its own available funds a total of 103 lots on Molokai—63 at Kapaakea and 40 at Hoolehua. On the basis of these plans, a total of 736 house lots will be made available to homesteaders.

To further insure the occupation of these lots by homesteaders, the 1947 session passed a law which, if approved by the National Congress, will allow the commission to increase the loan to homesteaders from \$1,000 to \$3,000 on house lots, and from \$3,000 to \$5,000 to holders of agricultural lands.

The legislature also appropriated the sum of \$100,000 for the installation of storage tanks at Hoolehua, Molokai. This amount is insufficient to provide adequate storage. However, there is now pending before the Congress of the United States (H. R. 3680), which, if approved, will allow the commission to borrow from its own funds, thus providing sufficient monies to complete the whole project.

There is a balance of approximately \$849,500 available for loans to lessees. Repayment by borrowers for the fiscal year ending June 30, 1947, totaled \$86,350.

During the year, 217 lots were awarded. There are now 7,246 acres of Hawaiian home lands under lease to 988 lessees. A total of 4,094 people now live on these lands. Activities of the past year were on a normal basis. The homesteaders are paying their current accounts promptly and, with few exceptions, have met or are meeting their past obligations.

LABOR AND INDUSTRIAL RELATIONS

General postwar trends in industry and employment are reflected particularly in the reports of the unemployment compensation bureau and the Territorial employment service.

Unemployment compensation.—Unemployment compensation benefit payments during the fiscal year ending June 30, 1947, were the largest for any year since the inception of the bureau. Payments made in January 1947 for unemployment claims following the sugar and maritime strike in the fall of 1946 were larger than the total paid during the entire preceding year. Payments in January were \$55,759.00 and for the previous fiscal year \$55,594.00.

Veterans readjustment allowances.—Veterans readjustment allowances also reached an all-time high. These payments are expected to continue to increase this year with the return to the Territory of 10,000 to 12,000 additional veterans, unless more job opportunities are opened than are now foreseen.

Job opportunities.—Management-labor controversies, reduction in the personnel working on Army and Navy projects, and return of veterans have contributed to the surplus in labor and the decrease in job opportunities in the Territory. Applicants actively seeking employment have doubled in number and veteran applications in the active file have increased about four times. Placements have remained at a comparatively high point due to opportunities that were open in forward areas (Japan, Okinawa, and Guam). Job orders remain at 65 percent less than that reported at the end of June 1946, although agricultural opportunities still remain high, comprising 58 percent of the total orders.

Bureau of research and statistics.—The price index of consumer goods and services for Honolulu maintained by the bureau of research and statistics shows an increase of 18 percent from June 1946 to March 1947. Prices for all items of the index remained fairly constant during the time of OPA controls, but from June 1946 to March 1947 the index increased from 106 to 125. March 1943 is used as the base period of 100. Prices rose 9.1 percent from June to September 1946 and 9.4 percent from September to December 1946 or a total gain of 19.4 percent for the 6 months. In March 1947, prices dropped 1.2 percent below the December figure. This was the first decrease in the index since December 1945.

Apprenticeship council.—More progress has been made during the past year by the apprenticeship council toward the objective of establishing apprenticeship training in private industry than was made in the entire period from 1942, when the apprenticeship training program was started in the Territory, to June 30, 1946. This has been accomplished by policy development, adoption of area standards, insertion of apprenticeship clauses in collective bargaining contracts, and assistance from the Federal Committee on Apprenticeship and the Veterans' Administration, as well as by additional personnel.

Both organized labor and management are in agreement on the need for apprenticeship training. During the year, clauses providing for apprenticeship training were included in collective bargaining contracts with 26 separate employers.

Mediation and conciliation service.—The department offered its mediation and conciliation services to assist in the settlement of all disputes brought to its attention. Formal mediation was undertaken in two cases, both being successfully concluded. Informal participation in numerous disputes aided in their reconciliation before they had progressed to the state of economic reprisal. Mediation boards were appointed by the director in four disputes. A public utility strike was called in July 1946 without first giving notice of the intent to strike, as required by the Hawaii Public Utility Labor Act. As a result, officials of the union involved were indicted by the Territorial grand jury. This case is now pending in court.

Since July 1, 1946, there were recorded 26 disputes that resulted in lost man-days. The majority of the disputes were for short duration. The greatest industrial dispute, however, in the history of the Territory occurred during the fall of 1946. On the first day of September, 28,000 workers were idled by a strike in the sugar industry, closing down 32 of the 34 plantations. An agreement was finally reached on November 18, 1946. Wages lost to workers during the strike are estimated at \$8,250,000, and to the Territory in loss of trade at \$20,000,000.

Employment service.—The employment service, administered by the United States Employment Service since February 1942 was transferred on November 16, 1946, to the Territorial department of labor and industrial relations. However, it will continue to be affiliated with the Federal United States Employment Service. The same standards and offices will be maintained with very little change in personnel.

The number of job openings at the end of the fiscal year is the lowest in the history of the employment service. Two-thirds of the openings are now in agriculture.

Records for the fiscal year 1947 show the largest number of persons contacting the employment service since the office opened in 1938. Returning veterans accounted for 40,354 contacts. As of June 30, 1947, there were 3,829 applications in the active file. Of this number, 1,059 were for females and 1,522 were for veterans. These people had applied for work but no suitable openings were available.

HAWAII NATIONAL GUARD

The Hawaii National Guard was reestablished by the Governor through an executive order dated August 3, 1946. It replaced the Hawaii Territorial Guard, organized as a local force after the National Guard was called to Federal service in October 1940.

The total authorized strength of the National Guard is 477 officers, 18 warrant officers, and 7,259 enlisted men. Recruitment has been under way only a short time. As of June 30, 1947, the actual strength was 164 officers, 8 warrant officers, and 1,133 enlisted men.

The 1947 session of the legislature provided a total budget of \$446,215 for the National Guard. In addition, \$33,000 was appropriated for new construction and for repairs to armories to be spent under the direction of the department of public works. The Federal Government has obligated the sum of \$365,366.09 for the support of the Hawaii National Guard. Inasmuch as the obligations from Federal funds increase monthly, it is estimated that the 1948 allotments will be over \$1,000,000. Ratio of funds to be provided by the Federal Government for salaries and for armories and field training pay, to Territorial appropriations, is estimated to be 7 to 1.

AGRICULTURE, FORESTRY, AND FISHERIES

The department of forestry, agriculture, and fisheries, with the cooperation of related agencies, has continued to plan for the development and greater utilization of Hawaii's natural resources.

Forestry.—The forests of Hawaii are maintained principally as

watersheds. The native flora which covers these wet forests is a delicate balance of high shade maintained by tall trees and low shade maintained by ferns and shade-tolerant shrubs. The evolution of the present balance was accomplished in the absence of animals, and as a result is intolerant of grazing or browsing animals, which destroy the low shade with a resulting death of the tall trees. Exclusion of domestic livestock and eradication of herds of sheep, goats and pigs, which multiplied to large numbers in some mountain fastnesses, are the principal activities in watershed and native forest protection. More than 77 miles of forest fence lines were rebuilt or repaired as compared with 22 miles the previous year. Likewise, 7,400 wild animals were killed in forest reserves or an increase of 30 percent over the previous year. The inauguration of a hunters' guide service, camp facilities and better trails has encouraged more hunting.

The recognition of recreation as a forest product has been given increased emphasis during the year in forest areas where such activity does not interfere with an essential watershed. Two camps have been fitted out at high elevations for organized group or family use, which have sleeping and cooking accommodations for more than 150 persons. Forest trails, overgrown during the war through disuse, have been reopened.

Agriculture.—Agriculturists are again devoting their attention and efforts to the complete husbandry of the soil. The results of enforced neglect during the war period are being overcome. The Territorial legislature passed a soil-conservation act which sets up the mechanism for the establishment of soil-conservation districts. The Reclamation Bureau of the United States Department of the Interior, at the Governor's invitation and at Territorial expense, completed engineering studies for an irrigation project on the Waimea plains, elevation 2,500 feet, where sufficient irrigation water and land are available to produce nearly all the perishable truck crops presently imported from the mainland for the civilian and military populations. Self-sufficiency in these products will bring security for the Territory in times of shipping shortages.

Livestock.—The marketing of beef cattle continued higher than normal due to high market values for meat. However, no dangerous drain on breeding herds can be noted. Moreover, a depopulation of ranges was to their advantage because of generally low rainfall. Herdsmen have also used the price opportunity to dispose of poor grade cattle. The dairy industry shows approximately a 10-percent increase in milking cows obtained to meet the demand for fluid milk. The production per milking cow also shows an increase since high meat prices permitted heavy culling of milking herds. There has likewise been an increase in egg production through increases in flocks and re-

placement of low-yielding hens. The hog industry has suffered a continuing reduction due to a decrease in garbage from military establishments. The present number of hogs is about one-half that of the high level reached during the war.

Miscellaneous crops.—Truck crops continued in reduced volume due to dry weather conditions and competition of mainland imports. Wholesalers with commitments to fill must have definite assurance of delivery from farms. This is impossible under a truck-farming system dependent upon rainfall. Assured supplies of adequate irrigation water, such as is proposed for the Waimea irrigation project, will do much to rectify this. The coffee crop shows about a 15-percent increase over the previous year due to a good growing season. With the removal of OPA ceiling prices on taro, the staff of life for the Hawaiian people, the price increased more than 30 percent with a resulting increase in area planted. This factor, along with a discontinuance of truck crops on some former taro lands, resulted in an increase of nearly 20 percent of acres planted over the previous year. The acreage planted to papaya, a fresh-fruit crop of importance to Hawaiian breakfast tables, was lower due to land utilization for house lots, dry weather and high cost of domestic irrigation water. The acreage planted to bananas was normal in spite of a loss of prewar mainland markets due to the presence in Hawaii of a new fruitfly, *Dacus dorsalis*. The acreage planted to macadamia nuts continued to increase and present prospects indicate a sizable business in this item in the future. The shipments of tropical flowers and foliage to the mainland markets more than doubled over the previous year.

Agricultural pests and plant inspection.—The lack of control over inspection of all air and surface ships entering the Territory during the war is still being felt with the discovery of new insects that have gained entrance to the Territory and have become established. Thirty new insects were identified for the first time by entomologists during the year, of which 14 may be harmful to agriculture. Although progress has been made in disinsectizing aircraft for stowaway insects through the cooperation of the Bureau of Entomology and Plant Quarantine, United States Department of Agriculture, more work needs to be done and additional staff employed for satisfactory control.

A search for natural enemies of the most serious agricultural pests was continued, with only a limited degree of success.

Animal health and quarantine.—All livestock entering the Territory are under close veterinary supervision and regulation. Diseases of greatest concern are those which are prevalent in the mainland United States and not established in the Territory. Five hundred forty cats and dogs were received at the animal quarantine station,

where they were held 120 days under rabies quarantine. A shipload of hogs affected with vesicular exanthema, a virus disease of swine with manifestations similar to foot and mouth disease of cattle, was intercepted before landing and quarantined to the ship. This disease is the most serious economic disease of swine in California, and since it may be spread through garbage, would be of serious concern to the Hawaiian swine industry. The domestic animal health was good throughout the Territory. All outbreaks of contagious or infectious disease were brought rapidly under control.

Marketing control.—There was strict enforcement of new laws designed to prevent deception or misrepresentation of agricultural products as well as essential materials such as seed and economic poisons used in farming operations. This enforcement is reflected in a better grade and quality of produce in the markets.

Fisheries.—Although the commercial fish catch approached prewar levels and exceeded the previous year by 12 percent, the price of fresh fish remained unduly high. The total value of the catch, \$3,556,956, exceeded the previous year by 36 percent. The tuna fishing fleet continued to expand and now has nearly reached its prewar size. The volume of inshore fish, which are the principal table fish, is limited within the fishing grounds around the main islands and cannot meet the demand of the increased population. During the year refrigerated boats have drawn on fishing grounds a thousand miles away from Honolulu for these desirable table fish.

An active part has been taken by the Territory in building up a national interest in the deep sea fishery resources of the central and western Pacific. The potentialities of a greatly expanded tuna fishing industry in this area were well demonstrated by the Japanese before the war. This is possibly the one natural resource of major worth possessed by that portion of the Pacific.

Sugar.—The sugar industry suffered a serious setback to its postwar recovery program during the fiscal year due to a 79-day ILWU-CIO strike which completely closed all but one of the 34 plantations. The loss of over 183,000 tons of raw sugar during the period of shut-down reduced annual production to 680,073 tons, the lowest point in 23 years.

The crop for the calendar year ending December 31, 1947, is estimated at approximately 865,000 tons. Although the effects of the strike, due to unirrigated and untended cane, will be felt until 1950, prospects are now bright for continued industrial peace and every indication points to Hawaii regaining her prewar million-ton annual sugar production in 1949.

Though mechanization of sugarcane production has developed

rapidly, additional men are still needed on the unirrigated plantations. The authorization last year by the Governor for importation of 6,000 Filipino workers and a number of their wives and children, to aid the sugar and pineapple labor shortage has proved highly beneficial to the industry.

The Hawaiian sugar industry expends in the neighborhood of \$1,500,000 annually on agricultural and mechanical research. As a result, Hawaii produces the largest annual yield of cane and sugar per acre in the world. This fiscal year the sugar planters constructed and equipped for the University of Hawaii a \$100,000 agricultural engineering institute. In addition, grants-in-aid have been made available for advanced students in the new school.

Pineapples.—The year marked the elimination of wartime government controls that had any direct restrictive effect upon the pineapple industry's operations. Scarcities, uncertainties, and other effects of the war, however, still present problems.

For the year ended May 31, 1947, the Hawaiian pineapple industry produced 10,236,886 cases of canned pineapple and 8,206,789 cases of canned pineapple juice, or a total of 18,443,675 cases. This represents an increase over the 17,722,102 cases canned in the previous year but is not as great as the packs for the years immediately preceding and during the war.

To assure the efficient maintenance of the pineapple industry, an extensive program of research was continued by the Pineapple Research Institute of Hawaii, which is supported by the industry, and by experiments conducted directly by the different pineapple companies. Recent advances in the scientific attack on production problems include the introduction from Brazil of a wasp parasite (*Pseudaphycus*) of mealybugs; the development of a spray method for controlling mealybugs which reduces water consumption from over 1,000 gallons an acre to 350; the use of chemicals for killing weeds; and the experimental testing of trash mulching instead of the common paper mulch.

At the end of the fiscal year, intensive negotiations were under way in an effort to settle the labor troubles and avoid a strike at the peak of the harvest season. Negotiations in this connection had been conducted from time to time since December 1946.

PUBLIC LANDS AND SURVEY DEPARTMENT

The office of the commissioner of public lands has continued to aid in the effort to meet the housing shortage. House lots have been provided wherever government lands suitable for this purpose were available. Surveys have been made and subdivisions created. The various

agricultural leases have been carefully examined and the lessees urged to surrender some of the areas that would lend themselves to subdivision purposes.

As an aftermath of the tidal wave of April 1946 this department aided in securing land on the Hilo waterfront between Wailuku and Wailoa Rivers. This area will ultimately become a safety zone and park area. The land secured belonged to 22 different owners. Transactions covering approximately one-half of the area have been concluded.

During the past 20 years, the Territory has had a considerable income from the renting of agricultural lands to sugar plantations and pineapple companies. The discontinuance of such plantations as Waianae, Waimanlo, and Waiakea has resulted in a decrease in rentals received by the government. A part of the land given up will be used for house lots. Other areas will be leased to farmers and truck growers.

The land use committee, of which the commissioner of public lands is a member, has been in operation the greater part of the current year. This committee is working under orders from the President of the United States to analyze the various Army and Navy holdings in Hawaii, with the view of returning some of the areas to civilian economy.

During the year, the office of the land commissioner carried on the usual range of activities. Collections from all sources for the fiscal year amounted to \$1,364,378.43, an increase of \$162,256.20 over the collections of \$1,202,122.23 for the previous year. Ninety-six land patent grants were issued, conveying a total of 334.722 acres, valued at \$134,543.81.

Twenty-eight Executive orders were issued, of which 16 set aside 147.201 acres for the use of various departments; and 5 withdrew 105.019 acres from previous Executive orders; and 7 canceled Executive orders covering 42.949 acres.

Seventeen auction sales of public lands and general leases were advertised, resulting in the issuance of 168 leases and agreements, covering a total area of 6,234.874 acres. The total sales price was \$252,556.50.

One hundred thirty-four deeds to and from the Territory were executed. Twelve were exchange deeds, including those mentioned above, eight requiring the issuance of land patent grants whereby the Territory acquired a total area of 43.06 acres in exchange for 25.41 acres, plus a cash consideration of \$7,746.75 paid by the Territory to equalize said exchanges. One hundred six were straight deeds through which the Territory acquired 320.18 acres of privately owned lands for public purposes. The cost of this land was \$295,681.26.

Sixteen were condemnations whereby the Territory acquired a total area of 3,375.58 acres for a total consideration of \$160,508.81. In all, 134 deeds representing county transactions were received for recording and filing as follows: Oahu, 108; Kauai, 10; Maui, 11; and Hawaii, 5.

One hundred sixty-three transfers were approved, of which 60 were general leases, covering 2,941.5 acres and yielding a total annual rental of \$8,980.50; 95 were special sale agreements, covering 51,221 acres for the consideration of \$181,591.93; 6 special homestead agreements covering 434.98 acres, valued at \$11,577; 2 right of purchase leases, covering 56.65 acres, valued at \$1,150.

The division of hydrography and the Territorial survey office, which operate in connection with the department of public lands, carried on their usual activities. The division of hydrography, in cooperation with the Geological Survey, United States Department of the Interior, collected data on the flow of streams and ditches, for use in evaluating leases of government-owned water, planned future developments for irrigation, investigated sources of domestic and public water supply, analyzed flood control conditions, and made studies to discover the location and conditions of occurrence of ground water and the quantities available for development.

DEPARTMENT OF PUBLIC WORKS

Twenty-one contracts totaling \$726,081.46 were awarded for general public works construction and maintenance, and for housing during the past year. Of this number, 10 contracts totaling \$173,353.48 were handled by the department of public works for other departments of the government. It is significant that the two largest contracts were for housing projects: CHA-3, Oahu, \$203,580, and Lanakila housing, Honolulu, \$194,036.98.

In addition to maintenance work included in certain of these contracts, this department made necessary alterations and repairs to Territorial buildings and grounds.

New library construction, authorized by the 1945 legislature, was held up by action of the Civilian Production Administration in the interests of the veterans' housing program. With relaxation of building controls as of July 1, 1947, it is anticipated that the following projects authorized in 1945 will be under contract this year: Hilo Library, \$300,000; Kalihi Library, \$125,000; Waialua Library, \$50,000; Waimea Library (Kauai), \$75,000; and addition to Kaimuki Library, \$10,000—a total cost of \$560,000.

A total of \$10,900,000 was authorized for public improvements by the 1947 legislative session. The principal items are: completion of Maui Vocational School, \$250,000; office buildings for Territorial

departments, \$2,660,000; tuberculosis hospital, Honolulu, \$2,800,000; tuberculosis hospital, Hilo, \$2,100,000; Mahelona Hospital, Kauai, \$500,000; Kapaa swamp filling, \$175,000; University of Hawaii chemistry and administration building, \$1,400,000; and rehabilitation of war memorial natatorium, \$100,000.

Highways.—The first complete fiscal year after the cessation of hostilities found the highway-construction program approaching normal conditions in that most new work was confined to highways of primary importance to the general public. A few remaining military access projects were handled.

Since most of the highway work during the war period was on Oahu, the construction of new highways last year was confined largely to Hawaii, Maui, Molokai, and Kauai. Contracts for 14.11 miles of new highways for the various islands, at a cost of \$1,698,937.85, were as follows: Island of Hawaii, 3.75 miles, \$704,189.64; island of Maui, 4.73 miles, \$384,518.36; island of Molokai, 1.94 miles, \$142,457.78; island of Kauai, 3.69 miles, \$467,772.07. New highway projects totaling 5.3 miles were completed on Oahu at a cost of \$1,040,738.52.

Contracts let for rehabilitation work on 65.17 miles of war damaged highways totaled \$735,582.47 and were as follows: Island of Oahu, 17.61 miles, \$291,025.02; island of Hawaii, 2.64 miles, \$41,050; island of Maui, 30.91 miles, \$219,513.45; island of Kauai, 14.01 miles, \$183,994. A total of 41.34 miles of war damaged highways on Oahu and 2.64 miles on Hawaii were rehabilitated at a cost of \$615,200.

The twenty-fourth session of the Territorial legislature increased the tax on gasoline and diesel oil by 2 cents per gallon, but this additional tax was appropriated to the use of the counties. Only on the island of Hawaii does any part of the additional tax collected go to the Territorial highway fund. In this case, the additional tax is to be used to pay for the interest and sinking fund on bonds authorized by the legislature in the amount of \$5,850,000 for a new highway on Hawaii. The Federal Government has put up a like amount to match these bonds.

Highway maintenance.—In addition to the regular routine work done of 358 miles of completed Federal-aid projects, the highway maintenance division has carried out the maintenance of Haleiwa Airport and the 40-mile Army-constructed Saddle Road on the island of Hawaii.

During the past year, this division surveyed and mapped 16 highway projects totaling 62.30 miles on the various islands. About 769 acres, consisting of 261 separate parcels of land, were required for the new rights-of-way on these projects.

Eleven land-court subdivision maps were made, together with peti-

tions for subdivision, involving a total of 375 lots and an area of 91,635 acres of land. Investigations were made and reports were sent to the Attorney General on 25 original land-court applications and 6 United States civil suits.

Airport division.—During the fiscal year, only one major airport, Honolulu Airport, was under full Territorial control. Port Allen, Hana, Lanai, and Kalaupapa Airports—all relatively small fields—were also controlled by the Territory. Maui, Molokai, General Lyman (Hilo), Haleiwa, and Upolu Point Airports have been operated under various types of permissive-use agreements with the Army and Navy.

In the 9 months (October 1, 1946, to June 30, 1947) of Territorial operation, Honolulu Airport was used for a total of 44,938 landings, an average of nearly 5,000 operations per month. During the same period, civilian landings on all other Territorial fields totaled 25,198.

Construction contracts for three improvement projects at Honolulu Airport were awarded as follows: Alteration and addition to terminal building, \$80,195.09; painting terminal building, \$5,253.80; and rehabilitation of runway, \$25,216.42.

Project requests to the Civil Aeronautics Administration for Federal aid in airport construction were initiated. The 1947 legislature augmented 1945 airport construction appropriations of \$422,500 by adding \$532,500, thus making available \$955,000 for this purpose. When matched with Federal funds, this will make possible a large-scale construction program.

Under terms of Act 32 of the 1947 legislature, operation and maintenance of Territorial airports will be transferred as of July 1, 1947, to the Hawaii Aeronautics Commission. Construction will continue under the department of public works.

Radio board.—The radio board, which functions under the department of public works, has operated for the first time with a full staff and, consequently, the public has been given quicker and better service, especially on the island of Oahu. Five new radio interference locators have been purchased during January, which have greatly facilitated the tracing of radio interference.

The increase in number of broadcasting stations in Hawaii presents new problems of radio interference. The staff of the radio board is now experimenting with means to eliminate this type of radio interference, such as cross-talk and heterodyne interference.

PUBLIC FINANCES AND FINANCIAL INSTITUTIONS

The financial condition of the Territorial government, of its political subdivisions, and of private business enterprises, continues to be

favorable. Total revenue receipts collected by the Territorial department of taxation for the fiscal year were \$72,887,793.18, an increase of \$2,700,405.64 over the preceding fiscal year.

The volume of business transacted during the fiscal year was \$1,092,080,323, an increase of \$109,262,962 over the previous year.

The general financial situation is reflected by the following tables and comments:

Territory of Hawaii—Consolidated statement of operations—Payments for the fiscal year ended June 30, 1947

Object of payment	General fund	Special funds	Revolving funds	Trust funds	Loan funds	Sinking funds	Consolidated total
Governmental cost payments—division of government:							
General government.....	\$3,012,246.30	\$262,742.43	\$24,711.99				\$3,274,988.73
Protection.....	843,597.09	465,345.38	5.05				1,308,954.46
Highways.....	256,387.44	2,741,662.51					2,998,055.40
Development and conservation of natural resources.....	793,918.33	415,413.67	1,126.31				1,210,458.31
Health and sanitation.....	1,450,122.34	674,866.47	23.23				2,125,012.04
Hospital and institutions for handicapped.....	4,924,870.63	43,623.26					5,000,493.89
Charities.....	141,587.08	4,281,446.22					4,423,033.30
Correction.....	1,209,419.09	104,424.97					1,313,844.06
Schools.....	13,410,981.17	1,123,968.10					14,534,949.27
Libraries.....	387,493.41						387,493.41
Recreation.....	45,459.61	6.15	45,242.44				90,707.20
Miscellaneous.....	664,493.66	771,082.04	130,668.98				1,566,244.68
Public service enterprises.....	57,869.90	1,016,682.22					1,074,552.12
Total.....	27,193,446.65	11,901,262.42	201,768.00				39,301,477.07
Interest.....		438,998.75					438,998.75
Total—governmental cost payments.....	27,193,446.65	12,340,261.17	201,768.00				39,740,475.82
Nongovernmental cost payments:							
For debt obligations.....		814,000.00				\$3,148,000.00	3,962,000.00
To other civil divisions.....	3,670,426.94	348,385.32					4,018,812.26
For objects of private trust.....		751,272.00	20,850.58				772,122.58
For investments purchased.....	7,783,915.44	927,906.88				1,628,439.07	11,003,553.39
For increase of storehouse supplies.....	133,318.26	377,445.80	476,665.44				989,429.50
For counterbalancing payments.....	20,385.78						20,385.78
Total—Nongovernmental cost payments.....	11,612,046.42	2,291,103.12	1,425,422.90			4,776,439.07	20,105,011.51
Transfer payments:							
Nonrecoverable transfers to other funds.....	2,517,141.83	737,372.98	781,305.41				4,035,819.72
Nonrecoverable transfers to employees' retirement system.....	431,976.19	164,607.30					596,583.49
Borrowings and repayments to other funds.....		800,000.00					800,000.00
Borrowings and repayments to employees' retirement system.....	150,000.00	491,000.00					641,000.00
Total—transfer payments.....	3,899,117.52	1,392,980.28	781,305.41				6,073,403.21
Total—payments.....	43,760,010.59	16,024,344.37	2,408,496.31			4,776,439.07	65,918,890.54
Available cash at close of year.....	620,665.52	23,053,515.50	715,713.58		\$135,715.12	637,326.44	23,921,705.32
Grand total.....	42,089,045.27	39,077,860.07	3,124,209.89		135,715.12	5,413,765.51	89,840,595.86

1 Red figures indicated by italic type.

Territory of Hawaii—consolidated statement of operations—receipts for the fiscal year ended June 30, 1947

Character of receipts	General fund	Special funds	Revolving funds	Trust funds	Loan funds	Sinking funds	Consolidated total
Revenue receipts:							
Taxes:							
Income taxes.....	\$9,788,047.74	\$2,296,735.38					\$12,034,783.12
Inheritance and estate taxes.....	881,733.16						881,733.16
Poll taxes.....	24,303.36						24,303.36
Business license taxes.....	16,964,574.46	3,360,900.82	\$40,621.05				20,366,396.33
Nonbusiness license taxes and permits.....	219,862.42	33,817.71					253,680.13
Unemployment compensation taxes.....		1,726,650.52					1,726,650.52
Total—taxes.....	27,878,851.14	7,388,104.43	40,621.05				35,307,576.62
Non-taxes:							
Special assessments and special charges.....	135.21	9,500.00				\$12,940.36	22,575.57
Fees, forfeits, and escheats.....	34,883.20						34,883.20
Grants-in-aid by the counties and United States Government.....	9,005.37	4,206,629.51	1,698.50				4,217,333.41
Donations from private sources.....	254.00	107,027.80	257,950.14				1,107,281.80
Rent of investment properties.....	843,462.27	7,502.05					1,108,914.46
Interest.....	112,763.29	393,817.67	16,932.90			402,560.19	926,074.05
Earnings of general departments:							
General government.....	109,534.47	931.71	5,072.32				115,538.50
Protection.....	292,302.39	109,451.89					311,754.28
Development and conservation of natural resources.....	5,485.25	20,307.26	2,292.11				28,084.62
Health and sanitation.....	24,193.80	36,489.54					60,683.34
Hospitals and institutions for handicapped.....	30,503.06	151,324.84					181,827.90
Corrections.....	20,869.14	56,025.50					76,894.64
Schools.....	800.00	622,505.22					623,305.22
Libraries.....	124.00						124.00
Recreation.....	189.05		51,141.35				51,330.40
Miscellaneous.....	3,950.00	987.26					4,937.26
Public service enterprises.....		1,403,226.64	32,367.06				1,435,593.70
Total—non-taxes.....	1,398,264.50	7,125,726.92	367,454.38			415,500.55	9,306,946.35
Total—revenue receipts.....	29,277,115.64	14,513,831.35	408,075.43			415,500.55	44,614,522.97
Nonrevenue receipts:							
From other civil divisions.....	2,400.00		1,403.50				2,400.00
From objects of private trust.....			318,233.31				1,403.50
From sales of investments.....	8,968,580.28	201,301.43					12,460,322.41
From sales of storehouse supplies.....	132,580.66	492,111.05	301,793.11			2,972,398.39	926,493.82
From counterbalancing receipts.....	8,325.45	18.54					8,341.99
Total—nonrevenue receipts.....	9,111,702.39	693,431.02	621,429.92			2,972,398.39	13,308,961.72

Financial operations.—The above tables show total revenue receipts for the fiscal year ended June 30, 1947, of \$72,887,793.18, nonrevenue receipts \$16,080,952.93, governmental cost payments \$68,782,106.93, nongovernmental cost payments \$23,240,715.24, available cash at the beginning of the year \$36,798,496.55, and available cash at the end of the year \$32,555,952.04.

The consolidated statement of operations of the Territory (excluding its political subdivisions) shows general fund revenue receipts for the year ended June 30, 1947, of \$29,277,115.64 derived from the following sources:

Taxes:

Income taxes.....	\$9,788,047.74
Inheritance and estate taxes.....	881,763.16
Poll taxes.....	24,308.36
Business license taxes.....	16,964,874.46
Nonbusiness taxes and permits.....	219,862.42
Total.....	27,878,851.14
Nontaxes—rents, interest and earnings.....	1,398,264.50
Grand total.....	29,277,115.64

Government cost payments for the same fiscal year totaled \$27,-198,446.65 and comprised:

General government.....	\$3,012,246.30
Protection.....	843,597.09
Highways.....	256,387.44
Development and conservation of natural resources.....	793,918.33
Health and sanitation.....	1,450,122.34
Hospitals and institutions for handicapped.....	4,924,870.63
Charities.....	141,587.68
Correction.....	1,209,419.09
Schools.....	13,410,981.17
Libraries.....	387,493.41
Recreation.....	45,459.61
Miscellaneous.....	664,493.66
Public service enterprises.....	57,869.90
Total.....	27,198,446.65

The consolidated balance sheet as of June 30, 1947, shows the general fund current surplus to be \$14,449,873.48, and the unappropriated surplus \$1,331,246.04.

Bonds.—Outstanding bonds of the Territory on June 30, 1947, totaled \$10,996,000, as compared with \$14,737,000 on June 30, 1946. No new bonds were issued during the year. Sinking fund assets for the redemption of bonds, conservatively valued at par, totaled \$2,973,-326, leaving a net bonded indebtedness of \$8,022,674.

The Territory's debt has been consistently reduced during the last several years. In 1939, the net bonded indebtedness was \$28,511,458.

The present figure of \$8,022,674 represents a 71.86 percent reduction.

The Organic Act limits the bonded indebtedness to 10 percent of the assessed value of property in the Territory.

Financial institutions.—Four banks, with 38 branches, were in operation in the Territory as of December 31, 1946. These four, with main offices in Honolulu, were the Bank of Hawaii, Bishop National Bank of Hawaii, American Security Bank, and Liberty Bank.

Bank deposits for the calendar year ending December 31, 1946, were as follows: Demand deposits, \$229,966,382; time deposits, \$247,572,530; total deposits, \$477,538,912. The growth of bank deposits in the Territory is illustrated by the fact that at the end of the 1936 calendar year, demand deposits were \$49,906,871, and time deposits were \$56,077,595, or a total of \$105,984,466.

At the end of the 1946 calendar year, loans, discounts and advances of all banks and trust companies in the Territory totaled \$79,491,832, and their paid-in capital, surplus, undivided profits and reserves totaled \$28,597,522.

Building and loan associations increased in size during the 1946 calendar year. Their assets totaled \$27,479,717 at the end of the 1946 calendar year, as compared to \$23,335,640 for the previous year.

Domestic business corporations in the Territory totaled 1,158 as of June 30, 1947, with an aggregate authorized capitalization of \$395,300,611. The capitalization of corporations engaged in the sugar industry accounted for \$136,007,000 of the total.

United States internal revenue.—Total receipts for the district of Hawaii totaled \$105,865,662.98, as compared with \$140,379,083.08 at the end of the last fiscal year. The total disbursements of this office for salaries and incidental expenses amounted to \$602,106.22.

The sources of receipts were as follows:

Income taxes.....	\$82,900,789.54
Excess profits.....	8,764,591.00
Pay-roll taxes.....	4,016,810.46
Distilled spirits.....	1,284,322.32
Estate.....	1,844,208.04
Retail excise.....	1,821,662.60
Admissions.....	2,172,225.07
Transportation of persons.....	688,951.26
Telegraph, telephone, cable, etc.....	366,271.13
Telephone, local service.....	377,566.10
Sugar.....	307,173.69
Miscellaneous taxes.....	1,321,091.77
Total.....	105,865,662.98

The 1947 report of the collector of the district of Hawaii shows that the internal-revenue collections from June 11, 1900, when the office was

opened in Hawaii, to June 30, 1947, was \$881,794,545.97. The following record of collections reflects the growth of business in the community:

Fiscal year:	Collections
1900 (June 11 to 30, inclusive)	\$6, 455. 30
1905	44, 230. 43
1910	209, 132. 51
1915	434, 582. 62
1920	11, 927, 545. 81
1925	5, 749, 433. 32
1930	5, 515, 911. 69
1935	5, 652, 504. 06
1940	9, 721, 626. 41
1943	75, 996, 558. 49
1944	149, 643, 817. 00
1945	172, 443, 857. 23
1946	140, 379, 083. 08
1947	105, 865, 662. 98

GOVERNMENT SERVICE

Civil service and classification.—The Civil Service Commission and Classification Board during the year has centered its efforts around assisting departments to meet personnel needs. This objective was satisfactorily attained in spite of the fact that the civil-service system has been operating with a limited staff.

There was an increase in classification activities due to the addition of new departments and agencies and to the growth of existing departments. Reorganization programs within a number of departments required many adjustments in the classification of existing positions.

Recruitment efforts were intensified due to the need for more specialized employees and to the resignation of a number of workers who left to accept more attractive positions in industry or in the Federal service. The growth in the labor market, due to service discharges and reductions in staff by Federal agencies, made the recruitment problem more complex. Very few of this group have specialized training and experience, thus making it difficult to evaluate their employment possibilities. Almost without exception, former government employees returning from military service were reinstated.

Retirement and pension commission.—The Territorial retirement and pension commission, authorized by the 1945 session of the legislature, began its work in September 1946. Its primary purpose is to find ways of integrating into one system the various governmental retirement and pension plans now existing in the Territory. All county pension systems, pension funds for policemen, firemen, and bandsmen, and all individual and group pensions authorized by legislative acts, should be brought into greater conformity with the provi-

sions of the Territorial retirement system. Progress toward this goal has been made. Research has been conducted from the viewpoint of costs to the government and of benefits to the employee.

Employees' retirement system.—The net active membership in the retirement system as of June 30, 1947, was 16,359, an increase of 949 over the previous year. A total of 531 former employees were on the pension and retirement rolls, receiving total annual allowances of \$393,147.41. In addition, \$92,582.49 was paid as ordinary death benefits to beneficiaries of members who died in active service, and \$104,167.81 as benefits to beneficiaries upon deaths of retired employees.

The investments of the system increased from \$25,918,343.77 as of June 30, 1946, to \$29,900,904.48. Of this amount, \$17,596,791.38, or 58.86 percent, was invested in United States Government securities.

Several changes in the benefits to members of the system were passed by the 1947 legislature, including reducing the voluntary retirement age from 60 to 55 years, and changing the method of computing the average final compensation for pension allowances from a 10-year period prior to retirement to the five highest consecutive years' compensation to be selected by the member.

PUBLIC UTILITIES

Operations of the public utilities showed a decided change last year. Relatively large amounts of new capital were sought for expansion of utility plants. Operating revenues showed a decrease, compared with past years, while operating expenses, due primarily to increased labor and material costs, showed a decided increase. This has resulted in a decrease in over-all net income. This was particularly true in the case of transportation utilities.

Revenues.—Total gross revenues from utility operations during 1946 decreased by comparison with 1945. With accompanying increases in operating costs of both materials and labor, the resulting effect was a decrease in the over-all net operating income. Maintenance of plant and equipment which was deferred during the war years has had to be faced, and this factor has had a definite bearing on operating results.

With new capital required for plant expansion and acquisition of new equipment, the "rate bases" of the larger utility companies have increased, necessitating in some cases a higher return to enable them to earn the allowable "fair rate of return" fixed by the commission.

These factors have been responsible for the allowance of rate increases necessary to maintain a continuing service. Increases were granted only after public hearings were held. Among the more important of such rate increases was that approved for the Honolulu Gas Co., Ltd., as of July 19, 1946, an estimated increase in gross

revenues of approximately \$160,000 per annum. The Mutual Telephone Co., as of February 21, 1947, was granted authority to revise its schedules of rates and charges on all islands, with an estimated increase in operating revenues of \$611,000 per annum.

Applications for increases in water and electric rates were filed, but the commission has not disposed of the requests.

Abandonment of railroad operations.—The Hawaii Consolidated Railway, Ltd., and the Oahu Railway & Land Co., have been issued certificates of abandonment by the Interstate Commerce Commission authorizing the cessation and abandonment of rail operations.

The Interstate Commerce Commission issued its certificate to the Hawaii Consolidated Railway, Ltd., as of July 11, 1946, and all rail operations were abandoned prior to the end of the year. The decision to cease operations was due primarily to the fact that the majority of the shippers previously served by the railway had adopted highway trucking as a more economical means of transportation. The tidal wave of April 1, 1946, caused such serious damage to the company's properties that the cost of rehabilitation was found to be prohibitive.

The Oahu Railway & Land Co.'s certificate of abandonment, effective January 1, 1948, was issued by the Interstate Commerce Commission as of June 9, 1947. The present plans are to operate the rail lines between Honolulu and Fort Shafter and in the Honolulu Harbor areas only and abandon all other operations. The Navy has announced a plan whereby it will lease and operate some 30 miles of lines to Pearl Harbor and the adjoining reservations. The decision to abandon its longer rail operations was likewise brought about by the fact that highway trucking was found to be a more feasible and economical method of transporting freight.

Operating statistics.—Gross revenues of the 29 operating utilities in the Territory for the year 1946 and for 30 utility companies for the year 1945 are tabulated below. They are grouped by the types of utilities, and the dollar and percentage increases or decreases for the periods are shown.

Gross revenues

Classification	1946	1947	Decrease or increase	Percent
Electric.....	\$10,652,849.89	\$11,751,422.08	-\$1,098,572.19	-9.35
Gas.....	2,731,448.16	2,475,128.97	256,319.19	10.36
Telephone.....	4,703,756.27	4,314,766.44	388,989.83	9.02
Steam railroad.....	3,420,954.52	6,552,191.24	-3,131,236.72	-47.79
Honolulu Rapid Transit Co., Ltd.....	4,933,036.08	5,917,873.23	-984,837.15	-16.64
Inter-Island Steam Navigation Co., Ltd.....	2,952,778.20	3,147,633.22	-194,855.02	-6.19
Hawaiian Airlines, Ltd.....	2,897,507.50	2,315,826.10	581,680.80	25.12
Interurban transportation.....	754,580.48	1,453,489.31	-698,908.83	-48.08
Miscellaneous.....	168,773.70	107,606.29	61,167.41	56.84
Total.....	33,215,684.80	38,035,947.48	-4,820,262.68	-12.68

The average annual domestic consumption of electricity on the island of Oahu for the year 1946 was 1,932 kilowatt-hours, an increase of 141 kilowatt-hours per consumer. Total electric consumers in the Territory as of December 31, 1946, were 87,848, as compared with 83,282 as of December 31, 1945.

Telephone subscribers, including private line and service stations increased from 68,981 in December 1945 to 75,598 in December 1946. As of June 30, 1947, there were 9,462 unfilled applications for telephone installations.

The gross book value of utility plant in service on December 31, 1946, for the electric, gas, and telephone utilities was \$55,728,353 as compared with \$51,923,371 for 1945, an increase of 7.3 percent.

Demands upon the electric and mass transportation system on the island of Oahu have decreased since the cessation of war. Kilowatt-hours of energy delivered by the Hawaiian Electric Co. decreased from 571,734,079 in 1945 to 439,514,653 in 1946—a decrease of 23.1 percent. The number of passengers carried by the Honolulu Rapid Transit Co. decreased from 114,564,738 to 91,330,437—a decrease of 20.3 percent.

On the other hand, the service rendered by the gas and telephone systems has increased in volume. The cubic feet of gas delivered by the Honolulu Gas Co. increased from 1,952,988,800 in 1945 to 2,040,561,000 in 1946—an increase of 4.5 percent. The local exchange calls of the Mutual Telephone Co. increased from 10,682,711 to 13,346,349—an increase of 24.9 percent.

ATTORNEY GENERAL'S OFFICE AND THE COURTS

In addition to carrying a heavy program pertaining to the legal affairs of the Territory, developments in the department of the attorney general were marked by important personnel changes. Three deputy attorneys general resigned during the year, and the attorney general resigned as of the last day of the fiscal year. These changes, while not severely affecting the efficiency of the legal department, indicate that one of the most pressing problems of government is that of recruiting leaders of outstanding ability and of holding them in competition with the more highly remunerative positions of the professions and of the business world.

Staff.—As of June 30, 1947, there was a total staff of 16 members. Seven additional staff members—three lawyers, two more investigators, one more law stenographer and a messenger—were authorized by the 1947 session of the legislature.

The 1947 session also transferred to the supervision of the attorney general, the bureau of crime statistics, formerly under the department of institutions, and created the new bureau of civil identification,

which will continue the work commenced under the Hawaii Defense Act, but only with the voluntary cooperation of the population.

Legislation.—Pursuant to Act 20, Session Laws of 1947, the expiration date of the Hawaii Defense Act was fixed as July 1, 1947. To provide for the necessary adjustments and for the continuance of regulations that were deemed to be vital to the welfare of the community, the office of the attorney general prepared six joint resolutions and six acts that were enacted into law.

The department prepared or cooperated in the preparation of many important administrative measures passed by the 1947 legislature.

Labor matters.—There have been a number of cases of public interest arising in connection with labor disputes.

That circuit courts of the Territory are not "courts of the United States" within the meaning of the Norris-La Guardia Act, has been the unanimous ruling of all judges passing on the matter, including the Federal district court. A prohibition case involving this point is now pending in the Circuit Court of Appeals of the Ninth Circuit.

Law enforcement.—The year saw a slight over-all increase in criminal offenses. This condition is believed not to be cause for concern, considering the continuing increase in the civilian population.

The serious overcrowding in our penal institutions existing at the time of the annual report for the fiscal year 1946 has been substantially improved. Although the 1947 legislature did not provide for the Kulani Prison Camp project to the extent recommended by the administration, the camp as established has relieved the former unsatisfactory situation at Oahu Prison. The 1947 legislature provided funds for the establishment of a new boys' industrial school in Waimanalo, for younger boys, but did not make an appropriation for the proposed Mauna Loa Training School for Boys. However, the provision for segregation of the younger boys constitutes a progressive step.

From time to time meetings have been held by law-enforcement, health, and social welfare agencies for the purpose of improving venereal disease control and enforcement of the laws against prostitution.

Police investigation.—The investigation conducted by the office of the public prosecutor of the city and county of Honolulu and by the attorney general's office into irregularities involving members of the police department and numerous professional gamblers in the city, begun in March 1946, has resulted in the returning of 47 indictments against 16 police officers. The public prosecutor has employed a special assistant public prosecutor for these cases, and a special deputy attorney general has been named for certain of the cases. Five of the cases, involving three defendants, were tried during the past year. Of

the three defendants, two were acquitted, and the third, a former captain of the vice squad, was convicted by a jury on all six counts of the indictments returned against him. Disciplinary action taken by the police commission of Honolulu has resulted in the outright dismissal of three officers and the suspension of 13 other officers, 1 of the latter having since been reinstated.

Boxing.—During the period covered by this report, an extensive investigation of professional boxing in the Territory was conducted by this office upon requests made by the Territorial boxing commission and a certain group of managers who filed complaints alleging violations of various provisions of the statutes governing boxing and the rules and regulations of the commission. A report was submitted to the commission. No violations of law sufficiently substantial to occasion prosecution were found by the report. Subsequently an investigation of the same subject, and more particularly of the administration by the existing commission, was conducted by the senate of the twenty-fourth legislature of the Territory, resulting in the resignation of the entire commission and the appointment of a new commission.

Territorial and Federal Courts

Territorial and Federal courts disposed of the following cases:

Supreme court.—During the calendar year 1946, the supreme court disposed of 28 cases, and during the first 6 months of 1947 disposed of 19 cases.

Circuit court.—During the calendar year 1946, the first circuit court (6 divisions) disposed of 5,197 cases, and during the first 5 months of 1947 disposed of 3,243 cases; for the same periods the second circuit court disposed of 823 and 205 cases; the third circuit court disposed of 993 and 437 cases (the latter referring to 4 months of 1947); and the fifth circuit court disposed of 581 and 250 cases.

Land court.—During this period 26 new applications were filed in the land court which, added to 61 applications pending June 30, 1946, makes a total of 87 applications before the land court during the period of this report, involving 15,224.21 acres of land with an assessed value of \$1,882,199.39. Nineteen decrees were issued during the period of this report, leaving 68 applications pending on June 30, 1947. In addition, 650 minor petitions were filed and approved during this period.

United States district court.—During the year, 1,130 cases were filed in the United States district court. These cases were divided as follows: Admiralty, 11 cases; bankruptcy, 8 cases; civil, 65 cases; criminal, 147 cases; and naturalization petitions and declaration of intention, 899 cases. Cases concluded numbered 800.

COMMERCE AND BUSINESS

Reports of trade and government agencies at the end of the year showed the commercial and business life of the Territory to be in a strong financial position.

On the basis of tax returns filed, the 1946 gross income of corporations and individuals totaled \$1,092,080.323. This was the first time in the history of the Territory that the billion dollar mark was reached. The 1945 gross income was \$982,817,361.

Four banks with 38 branches were in operation in the Territory at the end of June 1947. The amount of demand and time deposits was \$452,201,607.37, as compared with \$502,543,721.67, as of June 1946.

There were 38,047 business enterprises operating in the Territory as compared with 36,868 in 1945. This shows a gain of 1,179 new businesses.

United States custom receipts for the fiscal year ending June 30, 1947, showed a decrease over the past year. The amount for the year ending June 1946 was \$1,880,251.51 as compared with \$1,367,840.06 for the fiscal year ending June 30, 1947.

Fish production in the Territory showed an increase of 11.62 percent over the fiscal year of June 30, 1946. The 1946 production figures are 9,990,572 pounds produced for a value of \$2,621,819.96, while the June 1947 figures show 11,157,444 pounds produced with a value, under increased prices, of \$3,556,956.32.

There was a decrease in the number of ship arrivals in the Territory but an increase in gross tonnage value over the previous year. At the end of the 1946 fiscal year, 1,736 vessels had arrived in the Territory with a gross tonnage of 9,161,169. As of June 30, 1947, ship arrivals totaled 1,329 with a gross tonnage of 9,950,656.

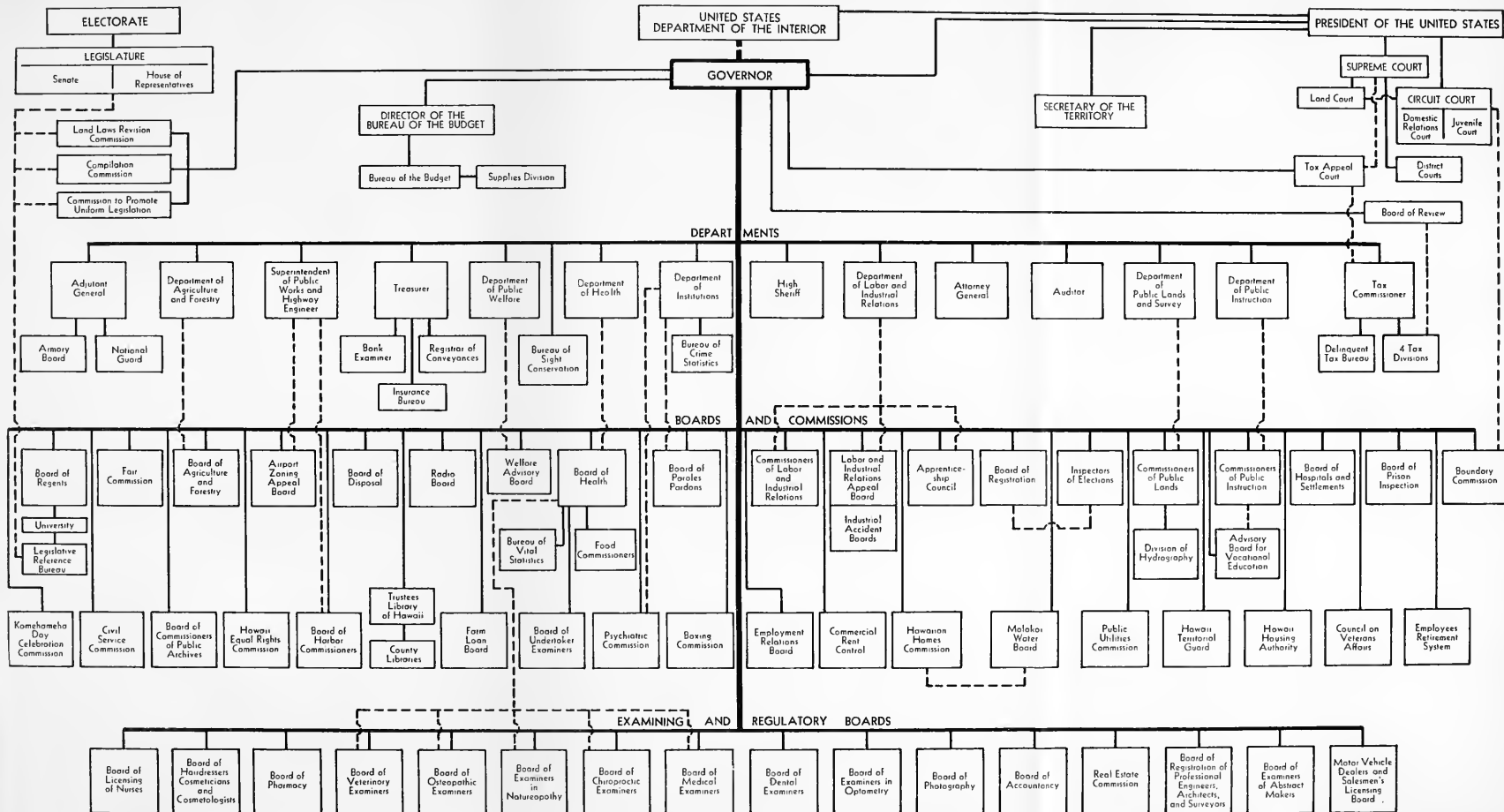
Retail sales in the Territory for the 1946 calendar year amounted to \$416,312,856.35, a decrease of \$11,074,460.27 over the 1945 figure. Wholesale trade figures for 1946 totaled \$226,289,700, an increase of \$7,179,932 over 1945. Retail trade in the first 6 months of 1947 totaled \$196,614,599, while wholesale trade was \$110,588,500.

Coffee production for the year 1946 amounted to 6,300,000 pounds produced in the green, valued at \$1,028,000. The estimate for the year 1947 is 6,800,000 pounds in the green.

The entire output of the ranching and dairying industry is locally consumed, with the exception of hides and skins. Estimates indicate the value of livestock products last year was \$15,479,000, 11 percent of the total agricultural marketings.

The gross valuation of real and personal property, on the basis of assessed values, reached its highest peak in 1946. The value of real property increased from \$500,493,838 in 1945 to \$551,285,163 in 1946.

ORGANIZATION CHART
GOVERNMENT OF THE TERRITORY OF HAWAII



Personal property increased from \$134,403,117 in 1945 to \$138,272,646 in 1946. Total value of real and personal property at the end of 1946 amounted to \$689,557,809.

A total of 7,832 realty transaction deeds were filed in 1946 as compared to 6,392 in 1945.

Conditions revealed in the above factual data indicate that a high degree of commercial and business activity exists in Hawaii, thus assuring continued prosperity and employment opportunities for the people of the Territory.

ORGANIZATION OF THE GOVERNMENT

There is included as a part of this report, a chart which shows the organization of the government of the Territory of Hawaii.

The traditional three branches of government into which the government of Hawaii is divided, collectively perform about the same functions as the corresponding branches of the State governments. However, the plan of government adopted places upon the Governor notably greater powers and responsibilities than the powers and responsibilities exercised by the governors of the mainland States.

Furthermore, another difference is that the executive branch of the Territorial government is responsible to Washington. The Governor and the Secretary of Hawaii are appointed by the President, with the consent of the Senate, for 4-year terms. The Organic Act also provides for the following officers: attorney-general, treasurer, auditor, superintendent of public instruction and commissioners of public instruction, surveyor, high sheriff, superintendent of public works, commissioner of public lands, commissioner of agriculture and forestry, members of the board of health, members of boards of prison inspectors, and members of boards of registration and inspectors of election. Not only are these officers made appointive by the Governor, with the consent of the Territorial senate, but they are removable in the same manner. The authority of the executive branch has been extended by legislative acts until there are now over 70 separate boards and commissions in the Territorial government. The chairman and members of each of these are named by the Governor, and with few exceptions are confirmed by the senate of the Territorial legislature.

The judiciary branch of the Territory is also responsible to the Federal Government. A supreme court, consisting of one chief justice and two associate justices, was established by the Organic Act. A system of circuit courts was also authorized, the number of such courts to be determined by the legislature. Under existing statutes, there are four circuit courts presided over by eight judges. All the

judges of both the supreme court and the circuit court are appointed by the President, with the consent of the Senate, for 4-year terms. The Territorial legislature is authorized by the Organic Act to provide inferior courts, and the magistrates of the district courts which have been so established are chosen by the chief justice of the Territorial supreme court. The functions of the several courts might be inferred from their names: The district magistrates act as police judges, the circuit courts as the major courts of first instance, while the work of the supreme court is largely appellate.

With the executive and judiciary made accountable to the national administration, the third branch of the Territorial government, the legislature, was made directly responsible to the people of Hawaii. The legislature meets biennially and consists of two houses, called the senate and the house of representatives. The senate has 15 members, each serving for 4 years; membership is renewed on the basis of 7 at 1 biennial election and 8 at the next. The house of representatives numbers 30, the members being chosen every 2 years.

While the Territorial government in Hawaii is almost identical with the Territorial government previously adopted for political divisions of the mainland, local government has developed along lines typically Hawaiian. There had been no local government under the Hawaiian monarchy, and centralization was heightened under the Republic. Today, the Territory is divided into four counties and one city-and-county. The counties have greater powers than the counties of mainland States, as they are the only agencies of local government. There are no organized cities and towns within them, and they have, therefore, the combined functions of county and city government.

However, the most significant feature of the governance of Hawaii is that the Territorial government, as a part of its historical heritage, still retains a centralized control rarely, if ever, encountered on the mainland, with the administration of all important functions under the direction of the executive branch.

